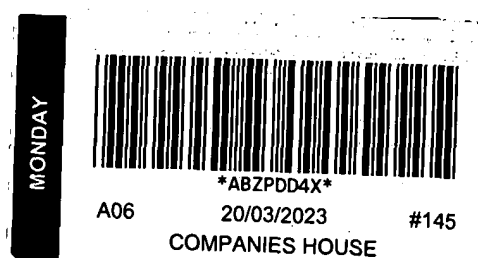


The Berkeley Hotel Limited

Reports and financial statements

For the year ended 31 December 2021

Registered number: 3669260



MACFARLANES LLP
20 CURSITOR STREET
LONDON
EC4A 1LT

The Berkeley Hotel Limited

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The Berkeley Hotel Limited

Directors and other information

Board of Directors	Fady Bakhos
Registered office	27 Knightsbridge London SW1X 7LY
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	Barclays Bank 1 Churchill Place London E14 5HP
Solicitors	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Registered number	3669260

The Berkeley Hotel Limited

Strategic report

The directors present their Strategic report of The Berkeley Hotel Limited ("the Company") for the year ended 31 December 2021.

Principal activity

The main activity of the Company continues to be the ownership and operation of The Berkeley Hotel, London, a five-star hotel in the United Kingdom.

Business review

The Company achieved a turnover of £23.4 million (2020: £13.3 million) in the year ended 31 December 2021, which represents an increase of 75.7% (2020: decrease of 74.7%) compared to the previous year driven by recovery in the sector in the latter half of 2021 following the easing of travel restrictions. The Company returned an operating loss of £7.8 million in the year to 31 December 2021 (2020: £11.7 million operating loss).

The Berkeley continued to offer their much praised '999 Drive Thru' service during the lockdown periods of 2021, and since then the hotel has continued to provide support once a month to the emergency service community. In April 2021, ensuring compliance with COVID restrictions, the hotel unveiled The Berkeley Beach Huts, a nostalgic and hugely popular outdoor dining space inspired by the Great British Seaside. This pop up was extended to September 2021 due to high demand. Building and restoration work continued at The Berkeley throughout 2021 with the unveiling of a new outdoor swimming pool overlooking Hyde Park, work on the launch of the new reception area, the Cedric Grolet patisserie launched in 2022, as well as work on newly created rooms and suites from Joyce Wang and Andre Fu unveiled in 2022. The festive Berkeley Winter Cabins were launched in November 2021.

The hotel's KPIs are summarised as follows:

	2021	2020
Revenue growth/(decline) %	49.3	(67.3)
Gross profit %	40.9	5.5
Operating loss %	(33.5)	(87.8)

COVID-19 and the war in Ukraine

The directors consider that in the short term, the biggest financial risks facing the Company and Group are the ones posed by the continued impact of the COVID-19 pandemic as well as rising inflation, energy costs and supply chain constraints linked to the pandemic, the UK's exit from the European Union and the war in Ukraine. Measures taken by various governments worldwide, including the UK government, to contain the spread of the virus severely affected the performance of the hotels in 2020 and 2021. We did however see solid recovery in Quarter 4 2021 that has continued through 2022. The travel and leisure markets have slowly recovered since the pandemic with the hotel achieving record level RevPAR in October and then again in November 2021 although macroeconomic factors including political and economic instability mean that forecasting 2023 performance remains challenging. In the interim, the directors and management of the Company and the Group are working very closely with third parties and ownership to secure sufficient liquidity to meet their obligations and renegotiating contractual arrangements. The directors are confident that the Company and the Group's liquidity requirements will be met, predominantly through the continued financial support of the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, further details of which are provided in the going concern note.

The Berkeley Hotel Limited

Strategic report (*continued*)

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the Company and Group's future operating profits or financial position.

- General economic risk – the Company and Group are exposed to general economic risk, including changes in the economic outlook for the hotel and leisure industry as a result of macroeconomic and geopolitical factors which include rising inflation and energy costs, and resource constraints and cost increases as a result of the UK's exit from the European Union. The Company and Group are also exposed to the risk of future government changes in industrial, fiscal, monetary or regulatory policies as well as further potential restrictions (including restrictions to travel) in response to COVID-19 or other viruses. The Company and Group are also exposed to inflexible supply and volatile demand of the hotel industry resulting in price instability, which has had a statistically significant and negative effect on hotel profitability in previous years.
- Liquidity risk - the Company secured a new 10-year loan on 23 March 2020, which replaced the Murabaha facility and matures on 5 February 2030. The refinancing resulted in the Company reducing its debt facility to £182.5 million and was agreed at a competitive all-in annual interest rate of 2.7% per annum, with the Company's intermediate parent company, Constellation Hotels Holding Ltd S.C.A's guarantee in place. The Company has obtained a letter of financial support from its ultimate beneficial owner which pledges financial support throughout the going concern assessment period being a period of 12 months from the date of approval of the Balance sheet of the Company. In addition, the Company has performed a robust review of all its contractual commitments, reduced its non-essential expenditure and utilised UK government assistance programs. The Company has achieved a gradual return of operating profits and cash since February 2022, with a more optimistic outlook in 2023 and beyond.
- Reputation risk – related to the hotel's brand in the marketplace and on social media, health and safety and customer loyalty. The risk is mitigated by the Company via various measures to provide bespoke customer service, adhering to all health and safety regulations, including those around the COVID-19 pandemic, acting within the scope of the Modern Slavery Act 2015, money laundering and anti-bribery regulations.

The Berkeley Hotel Limited

Strategic report (*continued*)

Section 172(1) statement

Information required under s172(1) of the Companies Act 2006 which is not documented below is shown within the 'Business review' and 'Principal risks and uncertainties' sections of the Strategic Report.

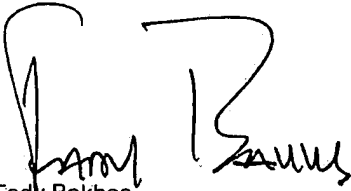
During the year, the directors have had regard to the matters set out in s172(1) (a) to (f) of the Companies Act 2006 when performing their duties. Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

Section 172 requires directors to have regard to, amongst other matters, the: a) likely consequences of any decisions in the long-term, b) interests of the company's employees; c) need to foster the company's business relationships with suppliers, customers and others, d) impact of the company's operations on the community and environment, e) desirability of the company maintaining a reputation for high standards of business conduct; and f) need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the matters set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. We set out below examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duties.

The directors have acted in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefits of all stakeholders; fostering high standards, good governance, an appropriate code of conduct and the need to act fairly for all members of the Company. The directors consider that the Company's key stakeholders are its clients; owners, employees, suppliers and the local community. It is considered vital that strong relationships are built with key stakeholders, which are both meaningful and mutually beneficial. Appropriate due diligence is done before entering into new relationships with any key supplier to ensure the propriety of business operations, including considerations of environmental and social responsibilities.

By order of the board and signed on its behalf by



Fady Bakhos

Director

17 March 2023

The Berkeley Hotel Limited

Directors' report

The directors present their report for the year ended 31 December 2021. The Company's results are consolidated within the group financial statements of Selene Holdings Limited ("the Group").

Dividends

The dividends paid during the year amounted to £nil (2020: £102,709).

Directors and their interests

The directors who held office during the year up to the date of signing the financial statements were as follows:

Liam Cunningham Resigned on 28 March 2022
Fady Bakhos

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

Future developments

The Berkeley continues to evolve, defined by its contemporary design aesthetic and continued innovation. Extensive development works throughout the hotel's north façade on the freehold side have been finalised, with the steel structure of 33-39 Knightsbridge, adjacent to the hotel, now undergoing the fit out stage.

This property will offer guests the opportunity to discover a redefined standard of luxury, creating an exclusive and world-class hub of art and culture, and introduce a new architectural landmark to London.

During 2022, Company management continues to focus on managing the welfare of its staff, guests and its financial stability as a result of the widespread COVID-19 pandemic and supply constraints related to the ongoing conflict in Ukraine. The government-imposed lockdowns and social and travel restrictions effectively ended in Quarter 2 2021 and the Group has seen a steady recovery since then projecting a gradual return to more normalised levels of business by December 2023.

A true testament to the strength of the hotel, of its management and ownership is the fact that, despite the challenging environment caused by the outbreak of COVID-19, the Company was able to secure new long-term financing on 23 March 2020. As part of this refinancing, the Company reduced its debt facility to £182.5 million and secured a competitive all-in annual interest rate of 2.7% per annum for the next ten years, maturing on 5 February 2030.

The potentially adverse impact of rising inflation and energy costs, military conflict in Ukraine and the continued pressure of the increase in the supply of luxury accommodation in London are three other factors that are continually monitored and strategised. Management believes it has the team, strategies and initiatives in place to defend and build on its position effectively.

The directors believe that the worldwide economic and geopolitical events will continue to affect the Group's hotels' trading conditions, but that the hotels are well placed to either address those risks or leverage the opportunities accordingly.

The Berkeley Hotel Limited

Directors' report (*continued*)

Future developments (*continued*)

The Company has achieved a gradual return of operating profits and cash since February 2022, with a more optimistic outlook in 2023 and beyond.

Subsequent events

Subsequent events are disclosed in note 23.

Business relationships

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018 there is a requirement to disclose how the directors have regard to the need to foster the Company's business relationships with suppliers, customers and others. This disclosure is included in the 'Section 172(1) statement' section of the Strategic Report.

Equal opportunities and diversity

The Company is an equal opportunities employer and will continue to ensure it offers career opportunities without discrimination. Full consideration is given to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. The Company has continued the employment wherever possible of any person who becomes disabled during their employment. Opportunities for training, career development and promotion do not operate to the detriment of disabled employees.

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through the staff quarterly meetings. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Employees participate directly in the success of the business through the Company's various incentive schemes.

Political donations

The Company made no political contributions during the year (2020: £nil).

Going Concern – reliance on the ultimate beneficial owner

The Company is loss making, predominantly due to the adverse impact of the COVID-19 pandemic and the interest payable on its borrowings. As at the balance sheet date, the Company had net current liabilities of £34.7 million (2020 restated: £171.6 million) and net assets of £14.7 million (2020 restated: £31.9 million). The directors have performed a going concern assessment for the Company with reference to the Group's cash flow forecasts for a period up of 12 months from the date of approval of the Balance sheet of the Company. These forecasts are prepared using a base case scenario which reflects severe but plausible downside assumptions, including potential revenue recovery profiles, cost estimates, capital expenditure and financing costs. As part of the going concern assessment the directors also consider forecast covenant breaches within the going concern assessment period and the ongoing support required from the ultimate beneficial owner, which is discussed in more detail below.

The Berkeley Hotel Limited

Directors' report (*continued*)

Going Concern – reliance on the ultimate beneficial owner (*continued*)

The Group continues to invest in the development of the hotel through various room enhancement programs, and continued investment in its food and beverage offering. This investment continues to be funded by the ultimate beneficial owner and intermediate parent company as there is confidence in the long-term return on investment and viability of the business.

The Group's projections for the going concern assessment period show that the Group is dependent on the support provided by the ultimate beneficial owner for capital expenditure obligations and operational outgoings. At the balance sheet date, the Group had secured a covenant waiver with the lender until 5 February 2023 in relation to the Debt to EBITDA covenant. The Company is expected to meet its performance and LTV debt covenants in the period from 5 February 2023 to the end of the going concern assessment period.

Under a severely stressed scenario, there is a risk the Company may not meet its debt covenants during the going concern assessment period however a letter of financial support has been provided by the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Group should this be required for a period of 12 months from the date of approval of the Balance sheet of the Company.

The directors have made enquiries to satisfy themselves that the ultimate beneficial owner has sufficient liquid resources available to provide the financial support required by the Company. Based on the results of the assessment described above, the directors have concluded that it remains appropriate to prepare the annual report and accounts on a going concern basis. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

Section 172 statement

The Directors' report and the Strategic report confirm compliance with the obligations set out in section 172 of the Companies Act 2006.

Disclosure of information to auditors

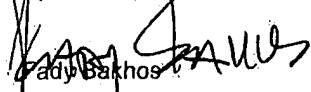
The director who was a member of the Board at the time of approving the Directors' report is listed on page 1. Having made enquiries of fellow directors who were in appointment during the financial year ended and of the Company's auditors, the director confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board of Directors ("the Board") and signed on behalf of the Board


Director

17 March 2023

The Berkeley Hotel Limited

Statement of directors' responsibilities

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

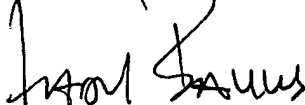
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 101 *Reduced Disclosure Framework*.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board



Fady Bakhos

Director

17 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BERKELEY HOTEL LIMITED

Opinion

We have audited the financial statements of The Berkeley Hotel Limited ("the Company") for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BERKELEY HOTEL LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BERKELEY HOTEL LIMITED (CONTINUED)

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, those that relate to its reporting framework being FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), and any relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including anti-money laundering legislation, data protection regulations, occupational health and safety regulations, anti-bribery and corruption regulations and other employment regulations.
- We understood how the Company is complying with those frameworks by making enquiries of management, those charged with governance, and those responsible for legal and compliance procedures. We corroborated our enquiries through reading of minutes of Board meetings as well as validating how policies and procedures in these areas are communicated and monitored. We also read any correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance. We also considered management's incentives around improving the performance of the Company, the opportunities available to execute any such actions through management override as well as the controls that the Company has established to address any such risks identified, including to prevent, deter and detect fraud and the monitoring of such controls by management.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, reading of Board minutes, testing journals identified using specific risk criteria tailored to the fraud risk factors affecting the Company in line with its current operations and obtaining written representations from management on behalf of the Company.
- We designate the risk of improper revenue recognition and the risk of management override as fraud risks. In response to the fraud risks identified, we performed audit procedures including incorporating data analytics into our testing of journals posted to accounts associated to revenue and property, plant and equipment and testing specific revenue and property, plant and equipment transactions back to source documentation.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BERKELEY HOTEL LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name and firm name.

Rebecca Turner (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 17 March 2023

The Berkeley Hotel Limited

Registered number: 3669260

Income statement

for the year ended 31 December 2021

	Note	2021 £'000	Restated 2020 £'000
Revenue	4	23,405	13,320
Cost of sales		(13,842)	(12,592)
Gross profit		9,563	728
Administrative expenses		(16,935)	(16,236)
Other income		2,242	3,855
Loss on disposal of fixed assets		(2,704)	(53)
Operating loss	6	(7,834)	(11,706)
Finance costs	7	(8,300)	(9,767)
Loss on disposal of investments	21	-	(33,062)
Loss before tax		(16,134)	(54,535)
Tax (charge)/credit	8	(1,368)	2,099
Loss for the financial year		(17,502)	(52,436)

All activities in the current and preceding periods are derived from continuing operations.

Statement of other comprehensive income

for the year ended 31 December 2021

	Note	2021 £'000	Restated 2020 £'000
Loss for the year		(17,502)	(52,436)
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability	17	410	(319)
Tax on remeasurements of defined benefit liability	16	(81)	60
Dividends paid		-	(103)
Other comprehensive income/(loss), net of tax		329	(362)
Total comprehensive loss for the year		(17,173)	(52,798)

The Berkeley Hotel Limited

Registered number: 3669260

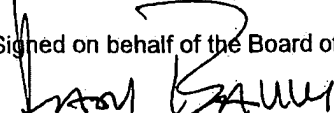
Balance sheet

as at 31 December 2021

	Note	2021 £'000	Restated 2020 £'000
Fixed assets			
Tangible assets	9	237,240	216,356
Intangible assets	10	900	1,350
Right of use assets	11	6,254	6,317
Employee benefits	17	3,021	1,018
		247,415	225,041
Current assets			
Stocks	12	1,121	1,037
Trade and other receivables	13	75,242	89,120
Cash at bank and in hand		6,692	3,796
		83,055	93,953
Current liabilities			
Trade and other payables	14	(114,693)	(85,456)
Lease liability	11	(54)	(39)
Loans and borrowings	15	(3,021)	(180,033)
		(34,713)	(171,575)
Net current liabilities		(34,713)	(171,575)
Total assets less current liabilities		212,702	53,466
Non current liabilities			
Loans and borrowings	15	(174,888)	-
Lease liability	11	(6,775)	(6,704)
Deferred taxation	16	(16,328)	(14,878)
		(197,991)	(22,182)
Net assets		14,711	31,884
Capital and reserves			
Called up share capital	18	150	160
Retained earnings		14,561	31,734
		14,711	31,884
Shareholders' funds		14,711	31,884

These financial statements were approved by the Board of Directors on 17 March 2023.

Signed on behalf of the Board of Directors


Fady Bakhos
Director

The Berkeley Hotel Limited

Registered number: 3669260

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Total £'000
At 31 December 2019	150	51,129	51,279
Prior period adjustment	-	239	239
At 31 December 2019 (restated)	<u>150</u>	<u>51,368</u>	<u>51,518</u>
Profit for the financial year	-	11,727	11,727
Prior period adjustment	-	(30,999)	(30,999)
Distribution to group undertakings	-	(103)	(103)
Other comprehensive loss	-	(259)	(259)
At 31 December 2020 (restated)	<u>150</u>	<u>31,734</u>	<u>31,884</u>
Loss for the financial year	-	(17,502)	(17,502)
Other comprehensive income	-	329	329
At 31 December 2021	<u>150</u>	<u>14,561</u>	<u>14,711</u>

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

The reserve for Retained earnings represents accumulated profits/(losses) of the Company less any distributions to shareholders.

The Berkeley Hotel Limited

Notes

forming part of the financial statements

1 Statement of compliance

The Berkeley Hotel Limited is a private company limited by shares incorporated and domiciled in England and Wales, United Kingdom. The Company's registered office is 27 Knightsbridge, London, SW1X 7LY.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

These financial statements are presented in sterling, being the functional currency of the Company. All financial information presented in sterling has been rounded to the nearest thousand, except where otherwise stated.

2 Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with FRS 101 and in accordance with the applicable accounting standards.

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 16 and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130(f)(ii to iii), 134(d to f) and 135(c to e) of IAS 36 Impairments of Assets.

As the consolidated financial statements of Selene Holdings Limited include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following:

The Berkeley Hotel Limited

Notes (continued)

2 Significant accounting policies (continued)

Basis of preparation (continued)

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- Certain disclosures required by IAS 36 *Impairment of Assets*.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets and liabilities which are measured at fair value.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The key accounting judgements and sources of estimation uncertainty affecting these financial statements are:

Estimates:

- Carrying value of tangible fixed assets and specifically the estimation of the useful economic lives of property, plant and equipment and the assumptions used in impairment testing.
- Carrying amount of intangible assets - the estimation of the useful economic life of intangible assets and the assumptions used in impairment testing.
- Defined benefit plans - The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned to date, discounting that amount and deducting the fair value of any plan assets. There is inherent estimation uncertainty in determining the fair value of the pension liability the calculation of which includes a range of financial and demographic assumptions.
- Discount rate used to determine the IFRS 16 lease liability.

The Berkeley Hotel Limited

Notes (continued)

2 Significant accounting policies (continued)

Use of estimates and judgements (continued)

Judgements:

- Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in the note "Taxation".
- Expected Credit Loss - Management judgement is required to determine the probability of default and is evaluated differently depending on the nature of the debtor balance outstanding.

Going Concern – reliance on the ultimate beneficial owner

The Company is loss making, predominantly due to the adverse impact of the COVID-19 pandemic and interest payable on its borrowings. As at the balance sheet date, the Company had net current liabilities of £34.7 million (2020 restated: £171.6 million) and net assets of £14.7 million (2020 restated: £31.9 million). The directors have performed a going concern assessment for the Company with reference to the Group's cash flow forecasts for a period of 12 months from the date of approval of the Balance sheet of the Company. These forecasts are prepared using a base case scenario which reflects severe but plausible downside assumptions, including potential revenue recovery profiles, cost estimates, capital expenditure and financing costs. As part of the going concern assessment the directors also consider forecast covenant breaches within the going concern assessment period and the ongoing support required from the ultimate beneficial owner which is discussed in more detail below.

The Group continues to invest in the development of the hotel through various room enhancement programs, and continued investment in its food and beverage offering. This investment continues to be funded by the ultimate beneficial owner and intermediate parent company as there is confidence in the long-term return on investment and viability of the business.

The Group's projections for the going concern assessment period show that the Group is dependent on the support provided by the ultimate beneficial owner for capital expenditure obligations and operational outgoings. At the balance sheet date, the Group had secured a covenant waiver with the lender until 5 February 2023 in relation to the Debt to EBITDA covenant. The Company is expected to meet its performance and LTV debt covenants in the period from 5 February 2023 to the end of the going concern assessment period.

Under a severely stressed scenario, there is a risk the Company may not meet its debt covenants during the going concern assessment period however a letter of financial support has been provided by the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Group should this be required for a period of 12 months from the date of approval of the Balance sheet of the Company.

The directors have made enquiries to satisfy themselves that the ultimate beneficial owner has sufficient liquid resources available to provide the financial support required by the Company. Based on the results of the assessment described above, the directors have concluded that it remains appropriate to prepare the annual report and accounts on a going concern basis. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

The Berkeley Hotel Limited

Notes (continued)

2 Significant accounting policies (continued)

Revenue recognition

Revenue represents sales (excluding VAT and similar taxes) of goods and services net of trade discounts provided in the normal course of business. Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, and other revenue which mainly relates to services rendered. Room, Food and Beverage revenue or Other revenue is recognised when the control over good/or services is transferred to the customer, rooms are occupied and food and beverages are sold or performance obligations have been satisfied as the customer receives and uses the benefits simultaneously.

Cost of sales

Cost of sales represents the direct costs related to the goods and services that are sold in the normal course of business. Cost is derived from hotel operations, food and beverage costs, and other costs including direct staff and pension costs. Room, food and beverage cost and other costs are recognised in the same period as the revenues to which they relate.

Taxation

The income tax expense comprises current and deferred tax. It is recognised in the Income statement except to the extent that it relates to items recognised in Other Comprehensive Income ("OCI") or directly in equity, in which case it is recognised in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Company is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to offset current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The Berkeley Hotel Limited

Notes (continued)

2 Significant accounting policies (continued)

Pension

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned to date, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Stocks

Stocks of finished goods are measured at the lower of cost and net realisable value.

Leases

The Company assesses whether a contract is or contains a lease at contract inception. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lessee leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets ("ROU") 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. The right-of-use assets are also subject to impairment.

The Berkeley Hotel Limited

Notes (continued)

2 Significant accounting policies (continued)

Leases (continued)

ii) 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 and payments of penalties for terminating the lease if the lease term assumption reflects the expectation of exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses 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 as 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 such as 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. The current and non-current portions of the lease liabilities are respectively disclosed within the Balance sheet.

Lessor leases

Leases which do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in other income/(expense) in the Income statement 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, when applicable. Contingent rents are recognised as revenue in the period in which they are earned, when applicable.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) 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 the statement of profit or loss and other comprehensive income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the 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 the statement of profit or loss and other comprehensive income, transaction costs.

The Berkeley Hotel Limited

Notes (continued)

2 Significant accounting policies (continued)

(i) Financial assets (continued)

Subsequent measurement

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 the Income statement when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Company's Balance sheet) 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 the statement of profit or loss and other comprehensive income. 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. For trade receivables and some intercompany loans, 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 considers a financial asset in default when contractual payments are 90 days past due with the exception of balances due from certain customers resident in Middle Eastern countries and from related parties. The recovery profile for such balances differs from other jurisdictions and based on the historic recovery profile of such balances a financial asset which is past 90 days due is not automatically considered to be in default. However, in certain cases, the Company may also consider a financial asset to be in default when internal or 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 no reasonable expectation of recovering the contractual cash flows.

The Berkeley Hotel Limited

Notes (continued)

2 Significant accounting policies (continued)

Financial instruments (continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the statement of profit or loss and other comprehensive income, loans and borrowings, or payables 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.

Subsequent measurement – loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Income statement 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 EIR. The EIR amortisation is included as finance costs in the Income statement.

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 Income statement.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Ordinary dividends are recognised in the period in which they are declared.

Tangible fixed assets

Recognition and measurement

Items of tangible fixed assets are measured at cost less accumulated depreciation and impairment.

If significant parts of an item of tangible fixed assets have different useful lives, then they are accounted for as separate items (major components) of tangible fixed assets. Any gain or loss on disposal of an item of tangible fixed assets is recognised in profit or loss.

Depreciation

Depreciation has not been charged on the freehold and leasehold properties held by the Company as the residual values of those properties exceeds the carrying values. No depreciation is charged on antiques as they are maintained in good condition, they are expected to have a higher residual value than their carrying value.

As a result, on an annual basis the Company estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying

The Berkeley Hotel Limited

Notes (continued)

2 Significant accounting policies (continued)

Depreciation (continued)

amount of the hotel properties, the Company recognises an impairment loss in the profit and loss account.

Other fixed assets are stated at cost less accumulated depreciation.

Depreciation of other tangible assets is provided on a straight-line basis over the following useful lives:

Fixtures, fittings, plant and machinery	between 4 and 25 years
Structural improvements	25 years

Assets under the course of construction are not depreciated until brought into use.

Intangible assets

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in the income statement.

The estimated useful life for the current and comparative year of intellectual property is 10 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Berkeley Hotel Limited

Notes (continued)

2 Significant accounting policies (continued)

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Furlough income comprises government grants received under the COVID-19 job retention scheme which are recognised in the period to which the underlying furloughed staff costs relate to.

Provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. The Company does not hold any cash equivalents, all cash is held at bank.

New and amended standards adopted by the Company

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2021 and that had a material impact on the Company.

3 Restatement

Valuation methodology and enabling costs

A prior period adjustment has been recorded to reclassify certain costs capitalised in this Company which relate to the 33-39 Knightsbridge development that should have been accounted for in Goldrange Properties Limited, a subsidiary of the Company at 31 December 2019 and post a group re-organisation undertaken in year ended 31 December 2020 thereafter a related party. The net effect of this adjustment is to reduce Property plant and equipment by £17,062k and increase Amounts owed by group undertakings by the same amount as at 1 January 2020 and to increase Amounts owed by related parties by £17,062k at 31 December 2020. The deferred tax impact of this adjustment is a decrease to the deferred tax liability of £239k at 1 January 2020 with a corresponding credit to Retained earnings as well as an increase to the deferred tax liability of £324k at 31 December 2020 with a corresponding debit to Retained earnings.

The Berkeley Hotel Limited

Notes (continued)

3 Restatement (continued)

A prior period adjustment is also recorded as a result of an error in the valuation of 33-39 Knightsbridge which is held by Goldrange Properties Limited. The Company disposed of its investment in Goldrange Properties Limited during year ended 31 December 2020 as part of the group re-organisation to another group company under common control. As a result of the disposal, the Company recorded a deemed distribution of £30,675k and an associated gain on disposal of £30,777k. As a result of the prior year adjustment to reflect the decrease in the fair value of the property owned by Goldrange Properties Limited, the gain on disposal is reversed and the Company has recorded a loss on disposal of £33,164k and a capital contribution of the same amount. The prior period adjustment has no impact on the opening balance sheet in the comparative period at 1 January 2020.

Amounts owed by related parties

A prior year adjustment has been made to the Company's financial statements to disclose Amounts due from Maybourne Hotels Limited of £69,858k as at 31 December 2020 within the Amounts owed by related parties rather than Amounts owed by group undertakings where it was previously disclosed in error. This adjustment impacts disclosure only and restatements have been made to the comparatives in notes 13 and 20 accordingly.

4 Revenue

	2021 £'000	2020 £'000
Rooms	14,369	8,448
Food and Beverage	6,655	3,544
Other	2,381	1,328
	<u>23,405</u>	<u>13,320</u>

All revenue arises in the United Kingdom. Other revenue includes revenue generated from the health club and various related services provided to guests.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2021 No.	2020 No.
Hotel and administration	370	408

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	9,994	9,592
Social security costs	839	840
Other pension costs	920	931
	<u>11,753</u>	<u>11,363</u>

The Berkeley Hotel Limited

Notes (continued)

5 Staff numbers and costs (continued)

One of the directors was remunerated by a third-party management company, Hume Street Management Consultants Limited, which charged fees of £3,750,000 (2020: £3,750,000) to Maybourne Hotels Limited, the management company for the hotel and a related party of the Company. An amount of £1,451,000 (2020: £1,530,000) relates to services provided to the Claridge's Hotel (a sister hotel of The Berkeley hotel and under common ownership until 12 December 2017 and thereafter owned by Coroin Limited), and an amount of £2,299,000 (2020: £2,220,000) relates to services provided to the Selene Holdings Limited Group. The Berkeley incurred £1,098,000 (2020: £992,000) of the £2,299,000 (2020: £2,220,000) fee, which is included in the financial statements of the Company.

The other director does not receive any remuneration (2020: £nil) from this Company for his services provided to the Company but is remunerated by another group entity as his qualifying services provided to the Company are incidental to the qualifying services provided to other related parties in the group.

6 Operating loss

This is stated after charging/(earning):	2021 £'000	2020 £'000
Expenses relating to leases of low-value assets	48	33
Depreciation (note 9)	5,591	6,205
Depreciation of right of use assets (note 11)	119	193
Loss on disposal of fixed assets	2,704	53
Furlough income (Other income)	(2,242)	(3,855)
Amortisation (note 10)	450	450
Cost of stocks recognised as an expense	1,699	901
	<hr/>	<hr/>
Auditor's remuneration	2021 £'000	2020 £'000
Audit of these financial statements	85	70
	<hr/>	<hr/>
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	-	-
	<hr/>	<hr/>

7 Finance costs

	2021 £'000	2020 £'000
Interest on external bank loans	4,853	7,656
Interest on intermediate parent entity loan	2,978	-
Amortisation of loan issue expenses	167	1,813
Interest on lease liabilities (note 11)	302	208
	<hr/>	<hr/>
Finance costs	8,300	9,767
	<hr/>	<hr/>

The Berkeley Hotel Limited

Notes (continued)

7 Finance costs (continued)

The Company secured a new 10-year loan on 23 March 2020 with Deutsche Pfandbriefbank AG, which replaced the Murabaha facility and matures on 5 February 2030. This refinancing resulted in the Company reducing its debt facility to £182.5 million and securing a competitive all-in annual interest rate of 2.7% per annum compared with 3.5% per annum previously.

Arrangement fees incurred in relation to this new facility of £1,673,000 have been capitalised and in line with the Company's accounting policies are amortised over the period of the loan using the effective interest method. £167,000 (2020: £126,000) was amortised in the year ended 31 December 2021 in relation to the new loan facility.

Details relating to the loan with the Company's intermediate parent are disclosed in note 14.

8 Taxation	2021 £'000	Restated 2020 £'000
Amounts recognised in profit or loss		
Current tax		
UK corporation tax	-	-
Adjustment in respect of prior years	-	(66)
Total current tax (credit)/charge	-	(66)
Deferred tax		
Origination and reversal of temporary differences	(3,330)	(4,044)
Adjustments in respect of prior periods	-	-
Impact of change in tax rates	4,698	2,011
Total deferred tax charge/(credit)	1,368	(2,033)
Total tax charge/(credit) in the income statement	1,368	(2,099)
Reconciliation of tax (credit)/charge		
	2021 £'000	Restated 2020 £'000
Loss on ordinary activities before tax	(16,134)	(54,535)
Loss on ordinary activities before tax at the standard corporation tax rate in UK of 19.00% (2020: 19.00%)	(3,065)	(10,362)
Expenses not deductible for tax purposes	719	6,281
Impact of change in tax rates	4,698	2,011
Adjustments to tax charge in respect of previous periods	-	(66)
Current tax and Deferred tax difference on deferred tax asset	(756)	-
Other permanent differences	(228)	37
Total tax charge/(credit)	1,368	(2,099)

The Berkeley Hotel Limited

Notes (continued)

8 Taxation (continued)

Factors which may affect future tax charges

The enacted main rate of corporation tax was reduced from 20% to 19% from 1 April 2017 and further reduced to 17% from 1 April 2020. In the Finance Act 2020, it was announced that the enacted reduction in the main rate of corporation tax effective 1 April 2020 would not take place. In the Finance Act 2021, it was further announced that the rate of corporation tax would rise to 25% from 1 April 2023. This change is enacted and hence been taken into account in measuring deferred tax in these financial statements. The Company's future tax charge could be affected by numerous factors including, but not limited to, any future consequences of the UK leaving the European Union and any tax reforms adopted from the OECD's BEPS actions such as those in relation to the deductibility of interest, anti-avoidance or transfer pricing. No quantification of these changes is currently possible due to uncertainty around when any currently proposed rules will be enacted or effective. The impact of the rate change on deferred tax is included within the rate change disclosures above. The tax value of losses carried forward is £6,394k (2020 restated: £2,383k), which have been fully recognised at 31 December 2021. The directors believe that the Company can offset the tax value of these losses carried forward against profits in future accounting periods indefinitely.

9 Tangible fixed assets

	Freehold/Long leasehold land and buildings £'000	Structural improvements £'000	Assets under the course of construction £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
Cost					
At 31 December 2020 (restated)	134,689	23,571	29,112	89,279	276,651
Additions	-	-	29,179	-	29,179
Reclassification	-	17,294	(37,686)	20,392	-
Disposals	(1,394)	(587)	-	(7,227)	(9,208)
At 31 December 2021	133,295	40,278	20,605	102,444	296,622
Accumulated depreciation					
At 31 December 2020	-	3,306	-	56,989	60,295
Disposals	-	(127)	-	(6,377)	(6,504)
Charge for the year	-	1,023	-	4,568	5,591
At 31 December 2021	-	4,202	-	55,180	59,382
Net book value					
At 31 December 2021	133,295	36,076	20,605	47,264	237,240
At 31 December 2020 (restated)	134,689	20,265	29,112	32,290	216,356

The Berkeley Hotel Limited

Notes *(continued)*

9 Tangible fixed assets *(continued)*

At 31 December 2021 and 31 December 2020, Deutsche Pfandbriefbank AG held a first fixed charge over all property, buildings, fixtures, fittings and fixed plant and machinery at The Berkeley hotel and a floating charge over all of the Company's assets in respect of the amounts owed by the Company at the year end of £177.9 million (2020: £180.0 million).

Assets under the course of construction relate to the enabling/shell and core works on the third phase of the development project of The Berkeley, which includes uplifting the existing structure, rooms and the development of the freehold wing of the property.

In accordance with the Company's accounting policies, the directors undertake an annual review of the carrying value of all tangible fixed assets to determine whether there is any indication of impairment. An impairment test was performed at 31 December 2021 by comparing the carrying amount of these assets to their recoverable amounts.

The recoverable amount is determined as the higher of value in use and fair value less costs of disposal. In determining an asset's recoverable amount, the directors are required to make judgements, estimates and assumptions. The estimates and assumptions used are based on historical experience and other factors that are believed to be reasonable based on information available. At 31 December 2021, the fair value of the hotel less costs of disposal as determined by Jones Lang LaSalle Limited, (the third party valuer engaged by the Company) was significantly higher than the carrying amount. Accordingly, the directors conclude that the tangible fixed assets are not impaired at 31 December 2021.

The Company holds property, plant and equipment of £41,627k (2020: £35,745k) that is fully depreciated.

The Berkeley Hotel Limited

Notes (continued)

10 Intangible assets

Reconciliation of carrying amount

	Intellectual property £'000
Cost	
At 31 December 2020	4,500
	<hr/>
At 31 December 2021	4,500
	<hr/>
Accumulated amortisation and impairment losses	
	£'000
At 31 December 2020	3,150
Amortisation	450
	<hr/>
At 31 December 2021	3,600
	<hr/>
Net book value	
At 31 December 2020	1,350
	<hr/>
At 31 December 2021	900
	<hr/>

In 2013, the Company purchased back certain intellectual property from Maybourne Management Services Limited, a company with common directors registered in Ireland, for £4.5 million being its estimated fair value. The fair value was calculated using the Royalty Relief approach, which is widely considered to be the most appropriate means of determining the value of intellectual property. Amortisation of this intangible over 10 years commenced in the financial year ended 31 December 2014.

The Berkeley Hotel Limited

Notes (continued)

11 Right of use assets and Lease liabilities

Right of use assets	Property £'000	Vehicles £'000	Total £'000
Balance at 1 January 2021	6,304	13	6,317
Additions	-	56	56
Depreciation expense	(97)	(22)	(119)
Balance at 31 December 2021	6,207	47	6,254

Lease Liabilities

	2021 £'000	2020 £'000
Balance at 1 January	6,743	6,719
Additions during the year	56	-
Interest	302	298
Payments	(272)	(274)
Balance at 31 December	6,829	6,743

Non-current	6,775	6,704
Current	54	39
Balance at 31 December	6,829	6,743

Amounts recognised in Income statement

	2021 £'000	2020 £'000
Interest on lease liabilities	(302)	(298)
Depreciation of right of use assets	(119)	(193)
Expenses relating to short-term leases	(111)	(144)
Expenses relating to leases of low-value assets	(48)	(35)
Total amount recognised in the Income statement	(580)	(670)

The Berkeley Hotel Limited

Notes (continued)

11 Right of use assets and Lease liabilities (continued)

Leases - Estimating the incremental borrowing rate IFRS 16.26

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable market interest rates adjusted to reflect the terms and conditions of the lease. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate as at 1 January 2020. The weighted-average rate applied is 4.4% per annum.

Non-cancellable lease rentals are payable on certain motor fleet contract hire and leased buildings leases. These represent the minimum undiscounted future lease payments in aggregate that the Company is required to make under the existing leases as set out below:

	2021 £'000	2020 £'000
Less than one year	439	389
Between one and five years	1,319	1,287
More than five years	36,082	36,347
	<hr/>	<hr/>
	37,840	38,023
	<hr/>	<hr/>

The Company's total cash outflows for leases was £431k in the current year ended (2020: £453k).

The Berkeley Hotel Limited

Notes (continued)

12 Stocks	2021 £'000	2020 £'000
Raw materials and consumables	1,121	1,037

The replacement cost of stocks did not differ significantly from the amounts shown above. The directors are of the opinion that the net realisable value of inventory is greater than the carrying value. There was no material write down of inventories to net realisable value during the year ended 31 December 2021 (2020: £nil).

13 Trade and other receivables	2021 £'000	Restated 2020 £'000
Trade debtors	2,661	937
Amounts owed by group undertakings	-	12
Amounts owed by related parties (note 20)	71,445	87,300
Other debtors	108	26
Other taxes and social security	-	175
Prepayments and accrued income	1,028	670
	75,242	89,120

Amounts included within debtors are unsecured, interest free and repayable on demand.

As at 31 December 2021, included in Trade debtors is £43,000 due from the Claridge's Hotel Limited, a company that until 12 December 2017 formed part of the same group as The Berkeley Hotel Limited. The transactions between the Claridge's Hotel Limited and the Company relate to operating expenses borne on behalf of the other by virtue of the common management agreement with Maybourne Hotels Limited.

14 Trade and other payables	2021 £'000	2020 £'000
Trade creditors	1,050	734
Amounts owed to group undertakings	6,838	11,043
Amounts owed to intermediate parent undertaking (note 20)	101,819	69,926
Amounts owed to related parties (note 20)	745	995
Other taxes and social security	1,175	-
Other creditors	1,098	387
Accruals and deferred income	1,968	2,371
	114,693	85,456

Amounts owed to the Company's intermediate parent undertaking are unsecured, interest bearing and repayable on demand as per below

Counterparty	Currency denomination	Interest rate (per annum)	Balance at 31/12/2021 (£'000)
Constellation Hotels Holding Ltd S.C.A	GBP	3.7079%	101,819

The Berkeley Hotel Limited

Notes (continued)

14 Trade and other payables (continued)

Other balances stated in Trade and other payables, including to group undertakings and other related parties, are unsecured, interest free and repayable on demand.

Included in Trade creditors is £5,000 due to Coroin Limited, parent company of The Berkeley Hotel Limited until 12 December 2017. The transactions between Coroin Limited and the Company relate to operating expenses borne on behalf of the other by virtue of the common management agreement with Maybourne Hotels Limited.

15 Loans and borrowings

	2021 £'000	2020 £'000
Non current liabilities		
Secured bank loans	174,888	-
	<hr/>	<hr/>
	174,888	-
	<hr/>	<hr/>
	2021 £'000	2020 £'000
Current liabilities		
Secured bank loans	2,281	179,284
Accrued interest	740	749
	<hr/>	<hr/>
	3,021	180,033
	<hr/>	<hr/>

The Company secured a new 10-year loan on 23 March 2020 with Deutsche Pfandbriefbank AG, which replaced the Murabaha facility and matures on 5 February 2030. This refinancing resulted in the Company reducing its debt facility to £182.5 million and securing a competitive all-in annual interest rate of 2.7% per annum compared with 3.5% per annum previously. The security package for the bank loan comprises cross company guarantees supported by debentures giving a fixed and floating charge over all the assets of the Group.

Offset against the bank loan is loan arrangement fees of £1,673,000, which in line with the Company's accounting policies are amortised over the period of the loan using the effective interest method. £167,000 (2020: £126,000) was amortised in the current period in relation to this facility.

As at 31 December 2020, the Company had secured a covenant waiver with the lender until 5 August 2021 in relation to the Debt to EBITDA covenant. As a result, the Company did not have an unconditional right to defer the settlement of this liability for at least twelve months after the balance sheet date. The loan was therefore classified within current liabilities as at 31 December 2020.

On 2 November 2021, the Company secured a further waiver of the Debt to EBITDA covenant up until 5 February 2023. The loan has therefore been classified as part of non current liabilities as at 31 December 2021.

A letter of financial support has been provided by the Company's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Company should this be required for a period of 12 months from the date of approval of the Balance sheet of the Company.

The Berkeley Hotel Limited

Notes (continued)

16 Deferred tax assets and liabilities

Recognised deferred tax (assets) and liabilities

	2021 £'000	Restated 2020 £'000
At 1 January	14,878	17,037
Charged/(credited) to profit and loss	1,369	(2,099)
Deferred tax on remeasurement of pension liability charged to other comprehensive income	81	(60)
	<hr/>	<hr/>
At 31 December	16,328	14,878
	<hr/>	<hr/>

Deferred tax (assets) and liabilities are attributable to the following:

	Assets 2021 £'000	Restated Assets 2020 £'000	Liabilities 2021 £'000	Restated Liabilities 2020 £'000	Net 2021 £'000	Restated Net 2020 £'000
Depreciation in advance of capital allowances	-	(208)	816	-	816	(208)
Capital gains on properties	-	-	25,306	19,248	25,306	19,248
Rolled over gains	-	-	806	612	806	612
Tax value of losses carried forward	(6,134)	(2,576)	-	-	(6,134)	(2,576)
Corporate interest restriction	(5,206)	(2,379)	-	-	(5,206)	(2,379)
Other temporary differences	(15)	(12)	-	-	(15)	(12)
Defined benefit pension scheme	-	-	755	193	755	193
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net deferred tax (assets)/liabilities	(11,355)	(5,175)	27,683	20,053	16,328	14,878
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Berkeley Hotel Limited

Notes (continued)

17 Employee benefits

The Coroin Limited Group and Selene Holdings Limited Group, of which the Company is a subsidiary, operate two pension schemes, a defined benefit scheme and a defined contribution scheme. The defined benefit scheme, The Maybourne Hotels Group Pension and Life Insurance Scheme, which has two sections - Staff and Senior Staff sections, closed to new entrants with effect from 1 August 2006. The Maybourne Stakeholder Scheme, a defined contribution scheme, was introduced on 1 August 2006 and is open to all staff if they meet the eligibility criteria.

On 12 December 2017, Maybourne Hotels Limited, The Berkeley Hotel Limited and The Connaught Hotel Limited ("the Selene Employers") were transferred and ceased to be wholly owned subsidiaries of the same ultimate parent, which also owned Claridge's Hotel Limited ("the Transaction"). Up until the date of the transaction, The Selene Employers were participating employers in The Maybourne Hotels Group Pension and Life Insurance Scheme ("the Scheme") in respect of some of their employees. Claridge's Hotel Limited is the principal employer under the Scheme rules.

As a consequence of the Selene Employers not having a common ultimate parent with Claridge's Hotel Limited following the Transaction, the continued participation in the Scheme by the Selene Employers required the agreement with the Trustees of the Scheme ("the Trustees") and Claridge's Hotel Limited. Interim agreement through a Memorandum of Understanding ("MOU") was reached on 11 December 2018 between the employers (including the Selene Employers) and the Trustees that they will use reasonable endeavours to ensure that the actuarial valuation of the Scheme as at 31 March 2018 will be completed by 30 June 2019 and they will use all reasonable endeavours to ensure that a long term funding and investment strategy will be agreed by 30 June 2019. The MOU also documented that if the matters referenced above were agreed and documented to the satisfaction of the Trustees by 30 June 2019 the Trustees and Employer will take such steps as are necessary to allow the Selene or "Relevant" Employers (Maybourne Hotels Limited, The Berkeley Hotel Limited and The Connaught Hotel Limited) to continue to participate in the Scheme after 30 June 2019, such that no debt becomes due under section 75 of the Pensions Act 1995 on or before 30 June 2019 by reason of an actual or deemed employment-cessation event.

On 27 June 2019, the Employers including the Relevant Employers confirmed to the Trustees their acceptance of the 31 March 2018 valuation and confirmed their agreement to the proposals documented in the Trustees letter to the company dated 17 June 2019, which included continued participation in the Scheme by the Relevant Employers should an agreement be reached. The directors therefore consider an agreement to have been reached with effect from 27 June 2019 and that the section 75 liabilities will not be crystallised on the basis of this agreement including the Trustees agreement for continued participation in the Scheme of the Relevant employers. The Relevant Employers and Trustees will continue to work together to determine some of the details of the investment strategy and the long-term future of the Scheme.

It was agreed that obligations in respect of the Scheme shall be allocated between Coroin Limited and Claridge's Limited ("the Coroin Employers") on the one hand and the Selene Employers on the other hand in the ratio 49.5% to 50.5%. It was also agreed that future service contributions would be payable by each of the Employers as a percentage of the pensionable salaries of their respective employees who are members of the Scheme.

Management intend for the Scheme to be operated in this fashion with additional payment obligations above future service contributions being met initially by Coroin Limited on behalf of the Coroin Employers and by The Berkeley Hotel Limited on behalf of the Selene Employers. Accordingly, Coroin Limited recognises 49.5% of the Scheme net pension obligation in its balance sheet and 50.5% of the Scheme net pension obligation (along with the associated deferred tax) were transferred through equity to the balance sheet of The Berkeley Hotel Limited at the year ended 31

The Berkeley Hotel Limited

Notes (continued)

17 Employee benefits (continued)

December 2017. Full disclosures in relation to the scheme in accordance with the requirements of IAS 19 are therefore provided below.

	2021 £'000	2020 £'000
Total market value of pension scheme		
Assets	53,142	53,342
Present value of defined benefit obligation	(50,121)	(52,324)
	<hr/>	<hr/>
Excess of scheme assets over liabilities	3,021	1,018
	<hr/>	<hr/>
Employee retirement		
Asset before tax	3,021	1,018
Related deferred tax asset/(liability)	-	(193)
	<hr/>	<hr/>
Employee retirement benefit asset after tax	3,021	825
	<hr/>	<hr/>

The pension contributions to the defined benefit scheme for both Groups combined are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent actuarial valuation was carried out at 31 March 2021 and revealed a funding deficit of £12,017,000 on the agreed basis for the Scheme's Long Term Funding Target. To achieve that target, the valuation recommended an overall monthly contribution cap of £350,000 (2020: £346,000) from 1 April 2021 until 31 March 2025, the date the Scheme is expected to be fully funded, which includes a contribution for future accrual of benefit at a rate of 62.9% (46.7% to June 2022) of pensionable salaries, contribution in respect of administration and other costs of £26,000 (until 31 March 2022 amount of £25,000) and an additional contribution to the amount of £350,000 minus the above two contributions (2020: £346,000: minus the above two contributions). The valuations employed for IAS 19 purposes have been based on the most recent funding valuations (date of which is noted above) adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2021 and to take account of financial conditions at this date. They have been completed using the projected unit method and assets for this purpose have been valued at market value.

The Berkeley Hotel Limited

Notes (continued)

17 Employee benefits (continued)

Movement in net defined benefit (asset)/liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit asset and its components.

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	52,324	46,416	(53,342)	(46,272)	(1,018)	144
Included in profit and loss						
Current service costs	493	437	-	-	493	437
Interest cost/(income)	668	958	(694)	(975)	(26)	(17)
	1,161	1,395	(694)	(975)	467	420
Included in OCI						
Remeasurements:						
- Actuarial gain/(loss) arising from:						
- demographic assumptions	157	(949)	-	-	157	(949)
- financial assumptions	(1,600)	7,048	-	-	(1,600)	7,048
- Return on plan assets excluding interest income	-	-	1,033	(5,780)	1,033	(5,780)
	(1,443)	6,099	1,033	(5,780)	(410)	319

The Berkeley Hotel Limited

Notes (continued)

17 Employee benefits (continued)

Movement in net defined benefit liability (continued)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Other						
Contributions paid by the employer	-	-	(2,210)	(2,180)	(2,210)	(2,180)
Benefits paid	(1,909)	(1,586)	1,909	1,586	-	-
Other	(12)	-	14	-	2	-
Service cost	-	-	148	279	148	279
	<u>(1,921)</u>	<u>(1,586)</u>	<u>(139)</u>	<u>(315)</u>	<u>(2,060)</u>	<u>(1,901)</u>
Balance at 31 December	50,121	52,324	(53,142)	(53,342)	(3,021)	(1,018)

The Berkeley Hotel Limited

Notes (continued)

17 Employee benefits (continued)

The Berkeley Hotel Limited, on behalf of Selene Employers, is expected to pay £0.5 million in respect of the contribution for future accrual of benefit and £1.5 million in respect of additional contribution.

The fair value of the plan's assets at 31 December is analysed as follows:

	2021 £'000	2020 £'000
Investment funds	-	30,340
Debt instruments	19,810	20,768
Other	1,151	591
Equity	2,646	-
Assets held by insurance company	1,562	1,643
Corporate Bonds	25,490	-
Property & Infrastructure	1,014	-
Cash and cash equivalents	1,469	-
	<u>53,142</u>	<u>53,342</u>

(b) Defined benefit obligation

(i) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021	2020
Discount rate	1.90%	1.30%
Inflation rate (RPI)	3.50%	3.05%
Inflation rate (CPI)	2.60%	2.15%
Future pension growth	3.35%	3.00%

Life expectancy at age 65 for pensioners currently aged 65 (years)

Female	24.2	24.0
Male	21.4	21.4

Life expectancy at age 65 for active members currently aged 45 (years)

Female	25.4	25.1
Male	22.3	22.3

At 31 December 2021, the weighted average duration of the defined benefit obligation was 20 years (2020: 17.5 years).

(ii) Sensitivity analysis

Increasing the discount rate applied by 0.25% would result in a £2.1 million decrease (2020: £2.3 million decrease) in the net pension asset.

Decreasing the discount rate applied by 0.25% would result in a £2.1 million increase (2020: £2.3 million increase) in the net pension asset.

Increasing the inflation rate applied by 0.25% would result in a £1.9 million increase (2020: £2.1 million increase) in the net pension asset.

Decreasing the inflation rate applied by 0.25% would result in a £1.9 million decrease (2020: £2.1 million) in the net pension asset.

The Berkeley Hotel Limited

Notes (continued)

17 Employee benefits (continued)

(ii) Sensitivity analysis (continued)

Increasing life expectancy by 1 year would result in a £2.6 million increase (2020: £2.6 million increase) in the net pension asset.

Decreasing life expectancy by 1 year would result in a £2.6 million decrease (2020: £2.6 million decrease) in the net pension asset.

The sensitivity analysis has been prepared by the Group's external independent actuaries.

Within the Selene Holdings Limited Group, following the departure of Maybourne Hotels Limited, pensions for 24 employees (2020: 30 employees) are funded through the defined contribution scheme. The defined contribution pension cost for the year amounted to £116,000 (2020: £111,000). From 1 April 2014, the Coroin Limited Group introduced the government led Auto-enrolment scheme, a contribution scheme whereby all employees who are not members of any pension scheme would automatically be enrolled unless opted out. The Auto-enrolment contribution pension cost for the year amounted to £570,000 (2020: £634,000). Selene Holdings Limited Group actively encourages staff to join the scheme as it believes that it is an important element of their remuneration package. Pensions for 589 employees (2020: 641 employees) are funded through the defined contribution scheme.

The Berkeley Hotel Limited – Company

Pensions for 21 employees (2020: 22 employees) are funded through the defined contribution scheme. The defined contribution pension cost for the year amounted to £70,000 (2020: £62,000). To comply with the law, the Company auto-enrolled all employees who are not members of any pension scheme from 1 April 2014 within the Auto-enrolment pension scheme. 258 (2020: 307) employees were auto enrolled in 2021 with a cost for the year of £258,000 (2020: £295,000). The Company actively encourages staff to join the scheme as it believes that it is an important element of their remuneration package.

18 Called up share capital	2021 £'000	2020 £'000
Authorised, issued, called up, allotted and fully paid		
1,000,000 "A" ordinary shares of £0.1 each	100	100
500,000 "B" ordinary shares of £0.1 each	50	50
	<hr/>	<hr/>
	150	150
	<hr/>	<hr/>

Shares rank equally, except for dividends and return on capital, where the distribution rights of the "A" shares are 10,000 times those of the "B" shares.

19 Capital commitments	2021 £'000	2020 £'000
Capital commitment (land and buildings)		
Contracted for but not provided for in the accounts	350	24
	<hr/>	<hr/>

The Berkeley Hotel Limited

Notes (continued)

20 Related party disclosures

The Company is exempt under the provisions of IAS 24 *Related Party Disclosures* from disclosing related party transactions entered into between two or more 100% owned members of a group.

Transactions entered into, and trading balances outstanding during the normal course of business at 31 December 2021 are as follows:

Related party	Relationship	Restated Opening balance	Loan and interest advanced	Sales/ (purchases) /Costs incurred on entity's behalf	Payments/ (receipts)	Closing balance
		31/12/2020				31/12/2021
		£'000	£'000	£'000	£'000	£'000
Hume Street Management Consultants Limited	Common director	77	-	5	(11)	71
Hume Street Management Consultants Limited	Common director	(992)	-	(247)	992	(247)
Maybourne Hotels Limited	Joint venture of the Company's intermediate parent	-	-	(498)	-	(498)
Cottage Linen Ltd	Common director	300	-	-	-	300
Maybourne Hotels Limited	Joint venture of the Company's intermediate parent	69,858	-	50,643	(69,359)	51,142
Constellation Hotels Holding Ltd S.C.A.	Intermediate parent undertaking	(69,926)	(31,893)	-	-	(101,819)
Goldrange Properties Limited	Subsidiary of the Company's intermediate parent undertaking	17,064	-	2,868	-	19,932

The Berkeley Hotel Limited

Notes (continued)

20 Related party disclosures (continued)

Transactions entered into, and trading balances outstanding at 31 December 2020 are as follows:

Related party	Relationship	Opening balance 31/12/2019	Loan and interest advanced	Sales/ (purchases)/ Costs incurred on entity's behalf	Payments/ (receipts)	Restated Closing balance 31/12/2020
		£'000	£'000	£'000	£'000	£'000
Hume Street Management Consultants Limited	Common director	75	-	3	(1)	77
Hume Street Management Consultants Limited	Common director	-	-	(992)	-	(992)
Claridge's Hotel Limited	Common management agreement	105	-	1	(105)	1
Coroin Limited	Common management agreement	(59)	-	(3)	59	(3)
Cottage Linen Ltd	Common director	300	-	-	-	300
Constellation Hotels Holding Ltd S.C.A.	Intermediate parent undertaking	-	(69,926)	-	-	(69,926)
Maybourne Hotels Limited	Joint venture of the Company's intermediate parent	-	-	69,858	-	69,858
Goldrange Properties Limited	Subsidiary of the Company's intermediate parent undertaking	-	-	17,064	-	17,064

The Berkeley Hotel Limited

Notes (continued)

21 Loss on disposal of investments

On 13 March 2020, the Company sold the entire £1 share capital of Goldrange Properties Limited to Selene S.A.R.L. for an amount of £103k; an entity registered in Luxembourg and an intermediate parent undertaking of the Company.

This consideration receivable of £103k representing the book value of Goldrange Properties Limited's net assets at the date of disposal was then assigned to Selene Midco Limited, the Company's immediate parent undertaking. The consideration receivable of £103k was offset by a distribution of the same amount which was made by the Company to Selene Midco Limited. A gain on disposal of £30,777k and a deemed distribution of £30,675k was recognised to reflect the difference between the book value and the fair value of the net assets of Goldrange Properties Limited accordingly.

However, as per the prior year adjustment made and detailed in note 3, the net assets of Goldrange Properties Limited have been increased by £17,062k and an error in the valuation of 33-39 Knightsbridge, which is held by Goldrange Properties Limited was identified as at 1 January 2020, prior to its disposal by the Company. This has resulted in an impairment charge recorded in Goldrange Properties Limited of £39,942k for the year ended 31 December 2019. Correspondingly, the gain on disposal recorded of £30,777k was reversed by the Company, and a loss on disposal of £33,164k was recorded with a capital contribution recognised of the same amount. This loss on disposal was partially offset by the £103k book value of Goldrange Properties Limited.

22 Ultimate parent company

The Company's ultimate parent company is Prime Capital S.A., a company incorporated in Luxembourg. The group headed by Prime Capital S.A. is the largest group in which the results of the Company are consolidated.

The ultimate controlling party is His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani. The immediate parent company of the Company is Selene Midco Limited, a company incorporated in Great Britain and registered in England and Wales.

Selene Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, heads a group that is the smallest group in which the results of the Company are consolidated. Copies of the statutory accounts of Selene Holdings Limited will also be available from its registered office, 27 Knightsbridge, London, SW1X 7LY.

The Berkeley Hotel Limited

Notes (continued)

23 Subsequent events

Termination of management agreement

On 27 April 2022, a notice was served to terminate the contract between Maybourne Hotels Limited and Hume Street Management Consultants Limited (referred to in note 5) on 31 December 2022. This does not impact the balances due to and from Hume Street Management Consultants Limited as reported in these financial statements.

Conflict in Ukraine

The geopolitical situation in Eastern Europe intensified on 24 February 2022, with Russia's invasion of Ukraine. The war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as supply constraints and impact on customer demand. The potentially adverse impact of the war and the continued pressure of the increase in the supply of luxury accommodation in London are two other factors that we continually monitor and strategise. Management believes it has the team, strategies and initiatives in place to defend and build on its position effectively. The Company continues to benefit from a diverse geographic client base, targeting premium leisure and corporate guests from international markets, but also from its domestic market. We do not expect this pattern to change and it is a critical component of the Company's long-term growth plan to balance risk and supply chain constraints from the war in Ukraine. The war has had a minimal impact on business from a customer base and supply constraints perspective.

Loan injections

Since 31 December 2021, the Company has received £62.1 million of loan injections from its intermediate parent entity, Constellation Hotels Holding Ltd S.C.A., of which £4.4 million was utilised for working capital requirements across the Group and £57.7 million for the development of The Berkeley hotel as well as the new hotel at 33-39 Knightsbridge held by Goldrange Properties Limited, a related party of the Company.

There were no other events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.