Selene Holdings Limited

Date of Incorporation – 5 October 2017

Reports and financial statements

For the period from incorporation to 31 December 2017

Registered number: 10998812

Selene Holdings Limited

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Selene Holdings Limited

Directors and other information

Directors	Fady Bakhos Liam Cunningham
Registered office	41 - 43 Brook Street Mayfair London W1K 4HJ
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	Barclays Bank 1 Churchill Place London E14 5HP Allied Irish Bank (GB) City Office 9 - 10 Angel Court London EC2R 7AB
Solicitors	MacFarlanes LLP 20 Cursitor Street London EC4A 1LT
Registered number	10998812

Selene Holdings Limited

Strategic report

The Directors present their Strategic report for the period from the date of incorporation on 5 October 2017 to 31 December 2017.

Activities

The principal activity of the Group headed by Selene Holding Limited ('the Group') is the ownership and management of five star luxury hotels and restaurants in Central London, namely the Connaught and the Berkeley.

Acquisition

On 12 December 2017 the Group acquired the all of the share capital of Maybourne Hotels Limited, the Connaught Hotel Limited and The Berkeley Hotel Limited for consideration of £338,254,000, indirect subsidiaries of Coroin Limited, which as at the acquisition date were under the common control of Selene S.A.R.L, a company registered in Luxembourg and the group intermediate parent company. The results of those businesses are consolidated from this date and the acquisition has been accounted for under the pooling of interest acquisition method as set out in more detail in note 17.

Pensions

The group now recognises 50.5% of the net pension obligation in The Maybourne Hotels Group Pension and Life Insurance Scheme amounting to £2,530,000 together with an associated deferred tax asset of £430,000 as set out further in note 20.

Financing

Prior to the acquisition discussed above, on 12 December 2017 the Group entered into a new £392,446,000 Master Murabaha Agreement with Barwa Bank with final maturity of 31 October 2022. Offset against this amount is £258,000 of directly attributable prepaid fees which are amortised over the life of the agreement.

The obligation is split between The Berkeley Hotel Limited and The Connaught, £237,659,000 and £154,787,000 respectively.

Management Company

Maybourne Hotels Limited ('Maybourne') which was a subsidiary of Coroin Limited until 12 December 2017, continues to provide Claridge's Hotel, the Berkeley Hotel and the Connaught Hotel with a unique operating platform that supports the hotels in key functions by realising synergies in the areas of reservations, revenue management, sales and marketing. Maybourne management is also responsible for brand building, capital investment planning, as well as finance, purchasing, human resources and IT strategy supporting the hotels. This functionality plays an important role in the overall performance of the hotels and the creation of long term competitive advantage in the face of strong competition.

Selene Holdings Limited

Strategic report *(continued)*

The Connaught Hotel

The Connaught continues to establish its position as one of the leading hotels in the world. Jean-Georges at The Connaught opened in 2017 to critical acclaim and in summer 2018 opened a terrace on Carlos Place cementing its reputation as one of Mayfair's best restaurants. With increasing guest requests for privacy The Connaught unveiled The Mews in summer 2018, an exceptional three storey art filled townhouse with an exclusive entrance on Adams Row. The award winning Connaught Bar will celebrate its 10th anniversary during 2018 with a series of special events and initiatives.

The Berkeley Hotel

The Berkeley in Knightsbridge continues to evolve and establish its new contemporary design aesthetic. The success of the recently added John Heah rooms and suites in addition to the super suites designed by Andre Fu have provided the hotel with some of the best room products in the capital, and this has been reflected in room rate and occupancy. In 2017 Out of the Blue was launched, a technological immersive experience from The Blue Bar continuing to ensure The Berkeley leads the way in innovation and creativity. The recently created event space has helped bring a new level of high profile guests and parties to the hotel further enhancing its name and reputation.

Business review

The Group in the period from hotel acquisition to 31 December 2017 delivered robust results mainly due to:

a) co-ordinated execution of a broad range of management initiatives dealing with operations improvements and a comprehensive set of programs launched locally and internationally, ranging from marketing and branding, to recruitment and purchasing, as well as the focus on developing the Maybourne brand in the UK and Internationally as an additional platform for doing business; and

b) working hard to stay relevant in the face of new and renovated competitor hotels through the intelligent deployment of capex, experienced and expert management, technology and talent.

The Group's centralised services platform and group operational synergies are a major point of strength and differentiation amongst its competitors and have played a key role in sustaining industry leading performance notwithstanding the significant increase in London's luxury supply of hotel rooms since 2010.

Strategic report *(continued)*

Business review *(continued)*

The group has not had any significant amount of trade since the incorporation on 5 October 2017 and the acquisition of the subsidiaries on 12 December 2017, however we present individual property major key performance indicator for full year 2017 and 2016.

	RevPAR growth		Average daily rate growth		Total revenue growth		EBITDA growth	
	2017	2016	2017	2016	2017	2016	2017	2016
Connaught	6.7%	7.2%	8.3%	2.8%	7.2%	27.0%	(3%)	9.9%
Berkeley	16.3%	(8.4%)	11%	3.2%	2.1%	(9.1%)	1.4%	(22.3%)

The Group will continue to develop a diverse geographic client base, targeting premium leisure and corporate guests from international markets. This is a critical component of the Group's long term growth plan to balance risk. During 2017, the Group continued to work closely with its New York office placing emphasis on more mature markets which has proven to be a successful strategy. Incremental investment in the Group's new websites has also contributed to the growth from this efficient distribution channel.

The consolidated income statement is shown on page 13.

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 Group's future operating profits or financial position.

- General economic risk – the Group is exposed to general economic risk, including changes in the economic outlook in the hotel and leisure industry. The company is also exposed to government changes in industrial, fiscal, monetary or regulatory policies.
- Interest rate risk – the Group now has a Murabaha agreement which incurs fixed payments.
- Liquidity risk - the Group is funded by a long term Murabaha agreement expiring in October 2022 The Group maintains cash flow and covenant compliance forecast in order to ensure the Group is able to meet its liabilities as they fall due.

The company has a successful track record of managing these risks. The directors are confident that they have put in place a strong management team and suite of products capable of dealing with the above issues as they arise.

Approved by the Board of Directors and signed on behalf of the Board

Liam Cunningham
Director

27 September 2018

Selene Holdings Limited

Directors' report

Directors and their interests

The directors of Selene Holdings Limited ('the Company') who held office during the period were as follows:

Fady Bakhos	Appointed on 5 October 2017
Liam Cunningham	Appointed on 5 October 2017

Details of directors' interests are set out in note 21.

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.

Dividends

During the period no dividends were paid or proposed.

Future developments

The Group is determined to enhance, invest and further develop its iconic hotels through the ongoing development works at The Berkeley Hotel,

Maybourne is embarking on opening its fourth hotel on the site at 33-39 Knightsbridge, a 100 room/suites project with the state of art facilities, Maybourne will continue its tradition of innovation, creativity and uniqueness with this exciting development.

During 2018, Group management will continue to focus on leveraging its strong brands backed by an experienced management team and the execution of a strategic capital investment programme to keep its product relevant to contemporary market demands and customer needs. The delivery of extraordinary experiences to its guests remains the Group's foremost goal to drive loyalty.

The medium term outlook for London is positive. Maybourne management recognises however the potentially adverse impact of The United Kingdom leaving the European Union and continued pressure of the increase in the supply of luxury accommodation in London, 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 hotels trading conditions, but that the hotels are well placed to either address those risks or leverage the opportunities accordingly.

The Group's projections for 2018 and 2019 forecast softening in operating profit and cash flows reflecting the development works that continue to 33-39 Knightsbridge property, adjacent to The Berkeley Hotel and various other part of the hotel. The Group holds sufficient working capital to meet its trading obligations.

Directors' report *(continued)*

Employees

The Group's policy is to give full and fair consideration to the recruitment of disabled persons having regard to their particular aptitudes and abilities. Appropriate training will be arranged for disabled persons. The group's personnel policies ensure that all its employees are made aware, on a regular basis, of the group's policies, programmes and progress

Disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors 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.

Political and charitable contributions

The Group made no political or charitable contributions or donations during the period.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to economic, interest rate and liquidity risks are described in the Strategic Report on page 2.

The Group headed by the company's intermediate parent company, Constellation Hotels Holding Ltd S.C.A, has access to considerable financial resources. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, and taking into account the support also assured by Constellation Hotels Holding Ltd S.C.A, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Selene Holdings Limited

Directors' report *(continued)*

Auditor

During the period Ernst & Young LLP were appointed as auditors of the company.

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.

These financial statements were approved by the Board of Directors on 27 September 2018.

Signed on behalf of the Board of Directors

Liam Cunningham
Director

27 September 2018

Selene Holdings Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors' have elected to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company 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 group and company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board and signed on its behalf by

Liam Cunningham
Director

27 September 2018

Independent auditor's report to the members of Selene Holdings Limited

Opinion

We have audited the financial statements of Selene Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Company Statement of Financial Position and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance in with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 below. We are independent of the group and parent 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 9, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

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.

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.

Ernst & Young LLP

Rebecca Turner (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place
London
SE1 2AE

28 September 2018

Selene Holdings Limited

Consolidated income statement
for the period ended 31 December 2017

	Note	2017 £'000
Continuing operations		
Revenue	3	**4,486**
Cost of sales		**(1,765)**
Gross profit		**2,721**
Administrative expenses		**(2,137)**
Depreciation and amortisation	10,11	**(483)**
Operating profit	5	**101**
Exceptional items	6	**(28,479)**
Finance costs	7	**(762)**
Loss before tax		**(29,140)**
Income tax credit for the year	8	**3,757**
Loss for the year		**(25,383)**

The accompanying notes are an integral part of these financial statements.

Selene Holdings Limited

Consolidated statement of other comprehensive income
for the period ended 31 December 2017

	Note	**2017** **£'000**
Loss for the period		**(25,383)**
Items that will not be reclassified to profit or loss:		
Revaluation of fixed assets	*10*	**66,353**
Tax on revaluation of fixed assets	*8*	**(10,432)**
Other comprehensive income, net of tax		**55,921**
Total comprehensive income for the period		**30,538**

The accompanying notes are an integral part of these financial statements.

Selene Holdings Limited

Consolidated statement of financial position
as at 31 December 2017

	Note	2017 £'000
Assets		
Property, plant and equipment	*10*	**786,700**
Intangible assets	*11*	**2,700**
Goodwill	*12*	**45,989**
Deferred tax	*8*	**3,704**
Total non-current assets		**839,093**
Trade and other receivables	*14*	**19,423**
Inventories	*13*	**2,580**
Cash and cash equivalents		**6,106**
Total current assets		**28,109**
Total assets		**867,202**
Equity		
Share capital	*17*	**-**
Pooling reserve	*17*	**(59,287)**
Retained earnings		**91,413**
Revaluation reserve		**55,921**
Total equity		**88,047**
Liabilities		
Loans and borrowings	*16*	**386,410**
Employee benefits	*20*	**2,530**
Deferred tax	*8*	**88,127**
Total non-current liabilities		**477,067**
Loans and borrowings	*16*	**6,464**
Trade and other payables	*15*	**295,624**
Total current liabilities		**302,088**
Total liabilities		**779,155**
Total equity and liabilities		**867,202**

The accompanying notes are an integral part of these financial statements.

On behalf of the board

Liam Cunningham
Director

27 September 2018

Selene Holdings Limited

Consolidated statement of changes in equity
for the period ended 31 December 2017

	Share capital £'000	Pooling reserves £'000	Retained earnings £'000	Revaluation reserve £'000	Total £'000
On incorporation on 5 October 2017	-	-	-	-	-
Loss for the year	-	-	(25,383)	-	**(25,383)**
Other comprehensive income	-	-	-	55,921	**55,921**
Total comprehensive income	-	-	(25,383)	**55,921**	**30,538**
Arising on acquisition of subsidiaries (note 17)	-	(59,287)	-	-	**(59,287)**
Capital contribution (note 17)	-	-	116,796	-	**116,351**
At 31 December 2017	-	**(59,287)**	**91,413**	**55,921**	**88,047**

The accompanying notes are an integral part of these financial statements.

Selene Holdings Limited

Consolidated statement of cash flows
for the period ended 31 December 2017

	Note	31 December 2017 £'000
Cash flows from operating activities		
Loss for the financial year		**(25,383)**
Adjustments for:		
Depreciation of property, plant and equipment	*9*	**461**
Amortisation of intangible assets	*10*	**22**
Impairment	*9*	**28,479**
Finance costs	*6*	**762**
Retirement benefit obligations	*20*	**-**
Deferred tax credit	*7*	**(3,757)**
		584
Increase/(decrease) in net working capital		**(584)**
Tax paid	*7*	**-**
Net cash from operating activities		**-**
Cash flow from investing activities		
Purchase of property plant and equipment	*9*	**-**
Acquisition of subsidiaries net of cash acquired		**(332,149)**
Net cash used in investing activities		**(338,255)**
Cash flows from financing activities		
Financing costs	*6*	**-**
Repayment of bank loans	*16*	**-**
Receipt of bank loans	*16*	**338,255**
Net cash from financing activities		**338,255**
Net decrease in cash and cash Equivalents		**-**
Cash and cash equivalents at inception		**-**
Cash and cash equivalents at the end of year		**6,106**

The accompanying notes are an integral part of these financial statements.

Selene Holdings Limited

Company statement of financial position
as at 31 December 2017

	Note	31 December 2017 £'000
Fixed assets		
Investments	*24*	**116,796**
Total assets less current liabilities		**116,796**
Net assets		**116,796**
Capital and reserves		
Called up share capital	*17*	-
Deemed capital contribution	*24*	**116,796**
Shareholders' funds		**116,796**

As permitted by section 408(3) of the Companies Act 2006, the Company has elected not to present its own income statement for the year. Profit for the period ended 31 December 2017 was £nil.

The accompanying notes are an integral part of these financial statements.

On behalf of the board

Liam Cunningham
Director

27 September 2018

Selene Holdings Limited

Company statement of changes in equity
for the year period 31 December 2017

	Share Capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
On incorporation at 5 October 2017	-	-	-	-
Comprehensive income				
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**
Capital contribution (note 17)	-	-	116,796	**116,796**
At 31 December 2017	**-**	**-**	**116,796**	**116,796**

Selene Holdings Limited

Notes *(continued)*

1 Reporting entity

Selene Holdings Limited ("the Company") is a company incorporated in the United Kingdom. The Company's registered office is 41 – 43 Brook Street, Mayfair, London, W1K 4HJ. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Significant accounting policies

Statement of compliance and basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

The consolidated financial statements represent the period from the date of incorporation on 5 October 2017 to 31 December 2017.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- property, plant and equipment are measured at fair value;
- derivative financial instruments are measured at fair value; and
- the defined benefit liability is recognised as the net total of the plan assets and the present value of the defined benefit obligation.

Functional currency

These consolidated 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.

Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Group'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.

The key accounting judgements and estimates in these financial statements include:

- carrying amount of property, plant & equipment (note 10);
- carrying amount of goodwill and intangible assets (note 11); and
- valuation of the defined benefit pension obligation (note 20).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2 Significant accounting policies *(continued)*

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to economic, interest rate and liquidity risks are described in the Strategic Report on page 2.

The group headed by the Company's intermediate parent company, Constellation Hotels Holding Ltd S.C.A has provided a letter of financial support to Selene Holdings Limited and its subsidiaries. As a consequence, the directors believe that the Group and subsidiaries are well placed to manage their business risks successfully and meet their liabilities as they fall due.

After making enquiries, and taking into account the support of Constellation Hotels Holding Ltd S.C.A, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

A number of the Group's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in note 18 on Financial Instruments and Risk Management.

2 Significant accounting policies *(continued)*

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of the issuance of the financial statements and that may impact the financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

		Effective for periods commencing on or after
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from contracts	1 January 2018
IFRS 16	Leases	1 January 2019

The directors are currently considering the impact on the financial statements in the period of initial application. The impact of IFRS 9 and IFRS 15 is not expected to be material.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvements with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries are carried at cost less impairment in the financial statements of the company.

Pooling of interests acquisition method

Where an acquisition occurs of a business that is under common control it is outside of the scope of IFRS3 *Business combinations*. IAS8 *Accounting Policies, Changes in Accounting Estimates and Errors* – requires that in the absence of specific guidance in IFRS, management shall use its judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement, in the absence of IFRS dealing with similar or related issues or guidance within the *Conceptual Framework for Financial Reporting* ('Framework'), management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the Framework or any other IFRS or Interpretation. On this basis the management have chosen to apply the pooling of interests method in accounting for business combinations involving entities under common control. Further detail on the application of this method in the current period is set out in note 17.

2 Significant accounting policies *(continued)*

Leases

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets held under other leases are classified as operating leases and are not recognised in the Group's balance sheet.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest expense;
- interest income;
- the net interest income or expense arising on pension assets; and
- the net gain or loss on hedging instruments that are recognised in profit or loss.

Interest income or expenses is recognised using the effective interest method.

2 Significant accounting policies *(continued)*

Revenue

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. Room and Food and Beverage revenue is recognised when rooms are occupied and food and beverages are sold.

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are recognised at cost on acquisition.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Property, plant and equipment are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Notes *(continued)*

2 Significant accounting policies *(continued)*

Depreciation

Depreciation has not been charged on the freehold and leasehold properties held by the Group as the residual values of those properties exceeds the carrying values.

As a result, on an annual basis the group 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 amount of the hotel properties the group recognises an impairment loss in the profit and loss account.

No depreciation is charged on assets under the course of construction.

Other fixed assets are stated at cost less accumulated depreciation. No depreciation is charged on archive materials however as they are maintained in good condition and they are expected to have a high residual value.

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

Plant and machinery	between 2 and 20 years
Fixtures and fittings	between 2 and 20 years
Short leasehold land buildings	between 1 and 5 years
Structural improvements	25 years

Intangible assets

Intangible assets acquired by the Group 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.

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of the identifiable net assets when they were acquired. Goodwill is measured at cost less accumulated impairment losses.

2 Significant accounting policies *(continued)*

Impairment

At each reporting date, the Group 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. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or 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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Trade and other receivables

Trade and other receivables are measured at their nominal amount less any allowance for doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

2 Significant accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

In the statement of cash flows cash and cash equivalents are shown net of short-term overdrafts which are repayable on demand.

Taxation

Income tax expense comprises current tax and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised in 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. Current tax also includes any tax arising from dividends.

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 Group 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 settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

2 Significant accounting policies *(continued)*

Defined benefit plans

The Group'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.

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 Group, 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 Group 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.

Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities - recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

(ii) Non-derivative financial assets - measurement

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents
In the statement of cash flows, cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Derivative financial instruments and hedge accounting

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss unless hedge accounting is being applied.

No hedge accounting is applied.

(v) 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 paid to shareholders.

Notes *(continued)*

2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

(vi) Compound financial instruments

Compound financial instruments issued by the group comprise convertible notes denominated in Sterling that can be converted to non voting ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

Provisions and contingent liabilities

A provision is recognised when the Group 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.

3 Revenue

	2017 **£'000**
Hotel, restaurant and ancillary services	**4,486**

All revenue arises in the United Kingdom.

Selene Holdings Limited

Notes *(continued)*

4 Staff numbers and costs

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

	2017 No.
Hotel and administration	**1,004**

The aggregate payroll costs of these persons were as follows:

	2017 £'000
Wages and salaries	**1,252**
Social security costs	**85**
Pension costs	**43**
	1,380

	2017 £'000
Remuneration of directors	
Director emoluments	-
Company contribution to pension costs	-
	-

One of directors is remunerated by third party management company Hume Street Management Consultants Limited which charged fees of £5,000,000 to the company's former sister company Coroin Limited during the year ended 31 December 2017 as set out in the Coroin Limited financial statements. One of the directors is remunerated by third party management company Al Mirqab Holding Co. which is paid €2,000,000 by Constellation Hotel Holdings S.C.A. an intermediate parent holding company registered in Luxembourg. The directors do not believe that it is practicable to apportion these amounts between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

Notes *(continued)*

5 Operating loss

	2017 £'000
Operating profit is stated after charging:	
Depreciation	461
Amortisation of intangible fixed assets	22
Operating leases payments – minimum lease payments	52
Operating sublease payments received	(22)
Foreign exchange gain	(5)
Auditor's remuneration	
- Audit of group, company and subsidiary financial statements	116
- Tax advisory services	59

6 Exceptional items

	2017 £'000
Impairment of land and buildings	17,270
Impairment of plant and equipment	11,209
	28,479

An impairment was recognised in relation to land adjacent to the Berkeley Hotel which is under development, following the demolition of the building on that land.

Certain plant and equipment was also impaired following the valuation of property, plant and equipment by Jones Lang LaSalle carried out for 31 December 2017.

The recoverable amounts of the assets was calculated based on their fair value less costs to sell within the valuations performed by Jones Lang La Salle and is considered to be a level 3 fair value measurement. Further detail on the assumptions used are set out in note 10.

The impairment was immediately recognised in the income statement in the period.

7 Finance costs

	2017 £'000
Interest expense on bank loans and borrowings	**687**
Interest arising on pension liabilities	**-**
Amortisation of loan issue expenses	**75**
	762

The Group has entered into a new £392,446,000 Master Murabaha Agreement with Barwa Bank with final maturity of 31 October 2022. The loan is disclosed separately in the financial statements of The Berkeley Hotel Limited and The Connaught Hotel Limited with obligations of £237,659,000 and £154,787,000 recognised respectively. The interest expense represents an interest accrued for the period from the drawdown of the loan to 31 December 2017 of £687,000 and lender fees of £75,000.

8 Income taxes

(a) Amounts recognised in income statement

	2017 £'000
Current tax	
UK corporation tax	**25**
Total current tax	**25**
Deferred tax	
Origination and reversal of temporary differences	**(4,282)**
Origination and reversal of temporary differences – pension	**-**
Impact of changes in tax rates	**500**
Total deferred tax	**(3,782)**
Income tax credit	**(3,757)**

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the company's future tax charge accordingly.

8 Income taxes *(continued)*

(b) Group Reconciliations of effective tax

	2017 £'000
Loss on ordinary activities before tax	**(29,140)**
Profit/(loss) on ordinary activities before tax at the standard corporation tax rate in UK of 19.25%:	**(5,609)**
Expenses not deductible for tax purposes	**1,243**
Transfer pricing adjustment	**17**
Impact of changes in tax rates	**500**
Group relief surrendered	**177**
Capital allowances in excess of depreciation	**(77)**
Other	**(8)**
Income tax credit	**(3,757)**

(c) Group Movements in deferred tax balances

	On acquisition £'000	Recognised in profit and loss £'000	Recognised in OCI £'000	**31 December 2017 £'000**
Deferred tax asset				
Property, plant and equipment	**1,059**	1,876	-	**2,935**
Tax value of losses carried forward	**294**	-	-	**294**
Other temporary differences	**45**	-	-	**45**
Defined benefit pension scheme	**430**	-	-	**430**
Total	**1,828**	1,876	-	**3,704**

8 Income taxes *(continued)*

(c) Group Movements in deferred tax balances *(continued)*

	On acquisition £'000	Recognised in profit and loss £'000	Recognised in OCI £'000	**31 December 2017 £'000**
Deferred tax liabilities				
Property, plant and equipment - capital gains	**(79,601)**	1,906	(10,432)	**(88,127)**
Defined benefit pension scheme	**-**	-	-	**-**
Total	**(79,601)**	1,906	(10,432)	**(88,127)**

(d) Group Unrecognised deferred tax assets

The following deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	2017 £'000
Deferred tax assets	
Tax losses	**83**
Total	**83**

9 Dividends

No dividend was paid during the period.

Notes *(continued)*

10 Property, plant and equipment

Group	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Structural Improvements £'000	Assets under the course of construction £'000	Fixtures fittings plant and machinery £'000	Group Total £'000
Cost						
At acquisition (note 17)	390,529	259,071	11,201	49,938	122,667	833,406
Transfers to completed assets	-	-	6,418	(23,783)	17,365	-
Revaluation	27,930	21,152	(790)	-	(94,998)	(46,706)
At 31 December 2017	**418,459**	**280,223**	**16,829**	**26,156**	**45,034**	**786,700**
Depreciation						
At acquisition (note 17)	-	-	762	-	83,357	84,119
Charge for the period	-	-	28	-	433	461
Impairment	17,270	-	-	-	11,208	28,478
Revaluation	(17,270)	-	(790)	-	(94,998)	(113,058)
At 31 December 2017	-	-	-	-	-	-
Net book value						
At 31 December 2017	**418,459**	**280,223**	**16,829**	**26,156**	**45,034**	**786,700**

10 Property, plant and equipment *(continued)*

Following the valuation of property, plant and equipment by Jones Lang LaSalle carried out for 31 December 2017, there has been an impairment of certain buildings, and plant and equipment which was immediately recognised in the income statement.

If property, plant and equipment were measured using the cost model, the carrying amounts would be as follows:

	31 December 2017 £'000
Cost	833,406
Accumulated depreciation	(84,580)
Net book value	**748,826**

Description of valuation techniques used and key inputs to valuation on property plant and equipment:

Property type	**Valuation technique**	**Significant unobservable inputs**	**Range**
Hotels	Discounted cash flow	Discount rate	6.14%-6.39%
		Terminal cap rate	4.25%-4.5%
		Occupancy	77%-85%
		ADR growth	2.5%
		FF&E maintenance	4%-5%
		Capital deductions	Nil - £2,000,000
Property under development	Special Purchaser, discounted cash flow and market value benchmarking	Planning	Granted 2008
		Discount rate	6.64%
		Terminal cap rate	4.25%
		Occupancy	77.8%
		ADR growth	2.5%
		Residential benchmarked gross price	£3,789 - £5,579 per sqft
		Capital deductions	£119,000,000
		Acquisition costs	11.25%

Property under development relates to land within land and buildings and assets under the course of construction, with a special purchaser assumption that the asset can only be operated in conjunction with the Berkeley Hotel under the current planning permission.

Significant increases (decreases) in ADR growth and occupancy in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in capital deductions and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Changes in planning status may also result in a significant change in the fair value of property under development.

Notes *(continued)*

11 Intangible assets

Reconciliation of carrying amount

	Intellectual property £'000 Group
Cost	
At acquisition (note 17)	4,500
At 31 December 2017	**4,500**

Accumulated amortisation and impairment losses

	£'000
Balance at acquisition	1,778
Amortisation	22
At 31 December 2017	1,800
Net book value	
At acquisition	2,722
At 31 December 2017	**2,700**

In 2013 The Berkeley Hotel Limited, then a subsidiary undertaking of Coroin Limited, purchased back certain intellectual property from Maybourne Management Services Limited, a company with common directors, for £4,500,000, 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. On 12 December 2017 Selene Holdings Limited acquired the share capital of The Berkeley Hotel Limited and together with it the intellectual property.

Notes *(continued)*

12 Goodwill

	31 December 2017 £'000
Cost	
At acquisition (note 17)	45,989
Carrying amount	
At 31 December 2017	**45,989**

The goodwill recognised relates to the goodwill created on the purchase of the hotels as cash generating units at fair market value in 2015. The goodwill relates to the hotels only and no goodwill has been recognised on the other assets held by the Group. The Group accounts for acquisitions using the pooling acquisition method as outlined in IFRS 3 Business Combinations.

The recoverable amount of the cash generating units is based on the fair value, less cost of disposal estimate. Valuations were carried out by independent external valuers. The Group tests goodwill annually for impairment. At 31 December 2017, the fair value, and hence the recoverable amount were deemed to be significantly higher than the carrying amount of the Group as cash generating units. There is no reasonable foreseeable change in assumptions that would adversely impact on the carrying value of goodwill. The directors conclude that the carrying value of goodwill is not impaired at 31 December 2017.

13 Inventory

	31 December 2017 £'000
Raw materials and consumables	2,580

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 period ended 31 December 2017.

Notes *(continued)*

14 Trade and other receivables

	31 December 2017 £'000
Trade receivables	6,845
Amounts owed by related parties (note 21)	10,189
Other receivables	375
Prepayments	2,014
	19,423

15 Trade and other payables

	31 December 2017 £'000
Trade payables	6,344
Amounts owed to intermediate parent company	279,806
Amounts owned to related parties	1,002
Other tax and social security	729
Corporation tax (note 8)	508
Other payables	760
Accruals	5,564
Capital accruals	911
	295,624

Selene Holdings Limited

Notes *(continued)*

16 Loans and borrowings

	31 December 2017 £'000
Non current liabilities	
Secured bank loans (i)	**386,410**
	386,410

	31 December 2017 £'000
Current liabilities	
Secured bank loans (i)	**5,777**
Accrued interest	**687**
	6,464

i) Prior to acquisition of the new subsidiaries, the new subsidiaries entered into a £392,446,000 Master Murabaha Agreement with Barwa Bank with final maturity of 31 October 2022. Offset against this amount is £258,000 of directly attributable prepaid fees which are amortised over the life of the agreement.

The obligation is split between The Berkeley Hotel Limited and The Connaught, £237,659,000 and £154,787,000 respectively.

The new facility is repayable in October 2022, with £5,777,000 due annually until October 2022. The security package for the bank loans comprises cross company guarantees supported by debentures giving a fixed and floating charge over all the assets of the group.

17 Capital and reserves

(a) Called up share capital

	31 December 2017 £
Share capital - group	
Authorised:	
1 ordinary share of £1	1
Issued equity:	
Called up, allotted and fully paid	
1 ordinary share of £1	1

On incorporation the company issued 1 share for £1 cash consideration.

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

(b) Pooling acquisition method reserve

On 12 December 2017, the group acquired 100% of the ordinary share capital in The Berkeley Hotel Limited, The Connaught Hotel Limited and Maybourne Hotels Limited. As these entities were under the common control of parent entity Constellation Hotel Holdings Ltd S.C.A. the pooling of interests method of acquisition accounting (pooling method) has been applied. The following accounting policy choices were applied:

(i) The acquired businesses have been accounted for and consolidated from the date of acquisition.
(ii) Distributable reserves for the acquired companies have been reset to nil.
(iii) The values attributed to assets and liabilities acquired, including goodwill are those included in the books of parent Constellation Hotel Holdings Ltd S.C.A.

These accounting policy choices were made to facilitate the best use of the financial statements for the primary user of the financial statements being Constellation Hotel Holdings Ltd S.C.A.

Under the application of Companies Act 2016, as the group has acquired assets from another group entity for a price less than the fair value of those assets, a deemed capital contribution of £116,796,000 has been recognised directly in equity.

Under the pooling method of acquisition accounting a pooling reserve has been recognised of £59,287,000 being the difference between the fair value of consideration paid plus the deemed capital contribution and the acquired balances recognised on acquisition after pooling method adjustments.

Selene Holdings Limited

Notes *(continued)*

17 Capital and reserves *(continued)*

(b) Pooling acquisition method reserve *(continued)*

31 December 2017	Subsidiary Book value £'000	Pooling method adjustment £'000	Recognised on acquisition £'000	Fair value adjustment £'000	Fair value £'000	*Notes*
Goodwill	-	45,989	45,989			(i)
Intangibles	2,700	-	2,700			
PP&E	406,891	341,936	748,827			(i)
Trade and other receivables	77,872	-	77,872			
Inventories	2,581	-	2,581			
Cash and cash equivalents	6,106	-	6,106			
Deferred tax	(19,644)	(58,129)	(77,773)			(i)
Loans and borrowings	(392,874)	-	(392,874)			
Employee benefits	(2,530)	-	(2,530)			
Trade and other payables	(15,310)	-	(15,310)			
Current tax payable	(508)	-	(508)			
Post-acquisition trade adjustment	685	-	685			(ii)
Total at acquisition	**65,968**	**329,796**	**395,764**	**59,287**	**455,050**	
Deemed capital contribution					116,796	
Consideration paid					338,254	
Total fair value					**455,050**	
Net assets on acquisition					(65,968)	
Pooling valuation uplift					(329,796)	
Pooling reserve balance on acquisition					**59,287**	

i) The values attributed to assets and liabilities acquired, including goodwill are those included in the books of parent Constellation Hotel Holdings Ltd S.C.A.

ii) Due to the group not performing a financial statement close process at the date of disposal, an estimate of the trade between the acquisition date and the 31 December 2017 was used to approximate the net asset of the businesses acquired at the date of acquisition.

Notes *(continued)*

18 Financial instruments and risk management

(a) Accounting classifications and fair value

The following tables show the carrying amount of financial assets and liabilities including their values in the fair value hierarchy. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				
	Loans and Receivables £'000	Liabilities at Amortised cost £'000	Fair value hedging instruments £'000	Total carrying amount £'000	Fair value £'000
31 December 2017					
Trade receivables	6,845	-	-	6,845	6,845
Amounts owed by related company	10,189	-	-	10,189	10,189
Cash and cash equivalents	6,106	-	-	6,106	6,106
Trade and other payables	-	(14,816)	-	(14,816)	(14,816)
Amount owed to immediate parent	-	(279,806)	-	(279,806)	(279,806)
Amounts owed to related parties	-	(1,002)	-	(1,002)	(1,002)
Secured bank loans	-	(392,874)	-	(392,874)	(392,874)
	23,140	**(688,498)**	**-**	**(665,358)**	**(665,358)**

18 Financial instruments and risk management *(continued)*

(a) Accounting classifications and fair value *(continued)*

Estimation of fair values
The principal methods and assumptions used in estimating the fair values of financial assets and liabilities are explained below.

Cash and cash equivalents including the short-term bank deposits
For short term bank deposits and cash and cash equivalents, all of which have a maturity of less than three months, the carrying value is deemed to reflect a reasonable approximation of fair value.

Trade and other receivables/payables
For the receivables and payables with a remaining term of less than one year or demand balances, the carrying value less impairment provision, where appropriate, is a reasonable approximation of fair value.

Loans
For bank loans and borrowings the fair value is calculated based on discounted cash flow techniques.

Derivatives
Discounted cash flow analyses have been used to determine the fair value of the interest rate caps, taking into account current market inputs and rates.

(b) Financial risk management

The Group is exposed to various financial risks that include credit risk, liquidity risk and market risk. The Group has a risk management framework in place which seeks to limit the impact of these risks on the financial performance of the group. It is the policy of the Group to manage these risks in a non-speculative manner.

This note presents information about the group's exposure to each of the above risks and the objectives, policies and processes for measuring and managing the risks. Further quantitative and qualitative disclosures are included throughout this note.

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(c) Credit risk

Exposure to credit risk
Credit risk arises from granting credit to customers and from investing cash and cash equivalents with banks and financial institutions.

18 Financial instruments and risk management *(continued)*

(c) Credit risk *(continued)*

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk or dependence on individual customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Cash and short term bank deposits
The Group is exposed to credit risk from the counterparties with whom it places its bank deposits. The group is satisfied that the credit risk associated with its deposits is not significant.

The carrying amount of financial assets, net of impairment provisions, represents the Group's maximum credit exposure.

Trade receivables
The Group has detailed procedures for monitoring and managing the credit risk related to trade receivables. Trade receivables are monitored by review of aged debtor reports by management.

At 31 December 2017	**Gross £'000**	**Impairment £'000**	**Net receivables £'000**
Group			
Not past due	**6,893**	**(48)**	**6,845**
Past due < 90 days	**3**	**(3)**	**-**
Past due > 90 days	**213**	**(213)**	**-**
	7,109	**(264)**	**6,845**

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due.

Bank loans

Interest of £687,000 was accrued for the period from acquisition to 31 December 2017.

Overdraft facilities

The Group has no undrawn overdraft or loan facilities.

Notes *(continued)*

18 Financial instruments and risk management *(continued)*

(d) Liquidity risk *(continued)*

Contractual maturities

The following are the contractual maturities of the group financial liabilities, including estimated interest payments.

Group	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 - 12 months £'000	1 - 2 Years £'000	2 - 5 years £'000	More than 5 years £'000
At 31 December 2017							
Non derivatives							
Secured bank loans (excl. arrangement fees)	392,446	(458,271)	(5,151)	(12,759)	(19,499)	(420,862)	-
Trade and other payables	295,624	(295,624)	(295,624)	-	-	-	-
	688,070	**(753,895)**	**(300,775)**	**(12,759)**	**(19,499)**	**(420,862)**	**-**

Contractual cash flows may become payable in advance of 2022 in the event that certain contingent events occur.

18 Financial instruments and risk management *(continued)*

(e) Market risk

Market risk is the risk that changes in market prices and indices, such as foreign exchange rates, and interest rates will affect the group and company's income or the value of its holdings of financial instruments.

(f) Foreign exchange rate risk

The Group is not exposed to translation foreign exchange rate risk on its hotel operations as all of its operations are within the UK.

(g) Interest rate risk

The Group is not currently exposed to interest rate risk as all borrowings are subject to fixed interest rates. Interest rate caps still in place in respect of historical borrowings give rise to only favourable interest rate risk.

Notes *(continued)*

19 Commitments

(a) Operating Leases

Non-cancellable operating lease rentals payable on certain plant and machinery, motor fleet contract hire and leased buildings. These represent the minimum future lease payments in aggregate that the group is required to make under existing lease arrangements.

	31 December 2017 £'000
Less than one year	547
Between one and five years	315
Beyond five years	2,196
	3,058

The future minimum sublease payments expected to be received under non-cancellable sublease agreements as at 31 December 2017 is £128,000.

(b) Capital expenditure commitments

The Group has the following commitments for future capital expenditure under its contractual arrangements.

	31 December 2017 £'000
Authorised and contracted for	3,064
	3,064

20 Employee benefits

The Coroin Limited Group and Selene Holdings Limited Group 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 section, 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.

As set out in the strategic report, on 12 December 2017 Maybourne Hotels Limited, The Berkeley Hotel Limited, 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 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 agreement with the trustees of the Scheme ("the Trustees") and Claridge's Hotel Limited. Interim agreement with respect to continued participation by the Selene Employers until 12 December 2018 has been agreed and agreement on permanent participation is expected to be agreed with the Trustees before 12 December 2018. The Company has been advised by legal counsel that as a result of interim continued participation in the Scheme by the Selene Employers on an interim basis any statutory debts under section 75 of the Pensions Act 1995 arising from the Transaction have been cancelled and the Company, having received advice, is satisfied that agreement on permanent participation is expected to be agreed with the Trustees before 12 December 2018 and that no further section 75 debts are expected to arise during the next twelve months. Should agreement for permanent participation in the scheme not be reached with the Trustees by 12 December 2018 then liabilities could be triggered including section 75 liabilities however the directors consider the likelihood of this to be remote.

It has been 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 has also been agreed that future service contributions shall 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) has been transferred through equity to the balance sheet of The Berkeley Hotel Limited. Full disclosures in relation to the scheme in accordance with the requirements of IAS 19 are therefore provided below.

20 Employee benefits *(continued)*

	31 December 2017 £'000
Total market value of pension scheme Assets	**41,466**
Present value of defined benefit Obligation	**(43,996)**
Excess of scheme liabilities over assets	**(2,530)**
Employee retirement benefit (liability)/asset before tax	**(2,530)**
Related deferred tax asset/(liability)	**430**
Employee retirement benefit (liability)/asset after tax	**(2,100)**

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 2015 and showed that the market value of the scheme's assets was sufficient to cover 87% of the accrued liabilities. The valuation recommended an overall monthly contribution cap of £332,000 (2016: £324,000) from 30 June 2016 to 30 June 2018, which includes a contribution for future accrual of benefit at a rate of 35.3% (25.8% to June 2016) of pensionable salaries, contribution in respect of administration and other costs of £23,000 (2016: £22,000) and an additional contribution to the amount of £332,000 minus the above two contributions (2016: £324,000 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 2017 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.

Notes *(continued)*

20 Employee benefits *(continued)*

Movement in net defined benefit liability

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	31 December 2017 £'000	31 December 2016 £'000	**31 December 2017 £'000**	31 December 2016 £'000	**31 December 2017 £'000**	31 December 2016 £'000
Balance at 1 January	-	-	-	-	-	-
Included in profit and loss						
Current service costs	-	-	-	-	-	-
Interest cost/(income)	-	-	-	-	-	-
	-	-	-	-	-	-
Included in OCI						
Remeasurements:						
-Actuarial gain/(loss) arising from:						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	-	-	-	-	-	-
- experience adjustment	-	-	-	-	-	-
- Return on plan assets excluding interest income	-	-	-	-	-	-
	-	-	-	-	-	-

20 Employee benefits *(continued)*

Movement in net defined benefit liability *(continued)*

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability/(asset)**	
	31 December 2017 £'000	31 December 2016 £'000	**31 December 2017 £'000**	31 December 2016 £'000	**31 December 2017 £'000**	31 December 2016 £'000
Other						
Transfer of pension obligation and plan assets from Coroin Limited	**43,996**		**(41,466)**		**2,530**	
Contributions paid by employees	**-**	-	**-**	-	**-**	-
Contributions paid by the employer	**-**	-	**-**	-	**-**	-
Benefits paid	**-**	-	**-**	-	**-**	-
Insurance premiums for risk benefits	**-**	-	**-**	-	**-**	-
Administration expenses	**-**	-	**-**	-	**-**	-
	43,996	-	**(41,466)**	-	**2,530**	-
Balance at 31 December	**43,996**	-	**(41,466)**	-	**2,530**	-

20 Pension *(continued)*

Both Coroin Group and Selene Holdings Group expect to pay a total of £4,086,000 in contributions to the defined benefit plans in 2018. The Berkeley Hotel Limited, on behalf of Selene employers, is expected to pay £343,000 in respect of the contribution for future accrual of benefit and £1,561,000 in respect of additional contribution.

(a) Plan assets

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

	31 December 2017 £'000
Investment funds	**24,942**
Debt instruments	**15,151**
Other	**1,373**
	41,466

(b) Defined benefit obligation

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

	31 December 2017
Discount rate	**2.65%**
Inflation rate (RPI)	**3.30%**
Inflation rate (CPI)	**2.30%**
Future pension growth	**2.30%**
Rate of increase of deferred pensions	**-**
Life expectancy at age 65 for pensioners currently aged 65 (years)	
Female	**24.5**
Male	**22.0**
Life expectancy at age 65 for active members currently aged 45 (years)	
Female	**25.7**
Male	**23.1**

20 Pension *(continued)*

At 31 December 2017, the weighted average duration of the defined benefit obligation was 20 years (2016: 20 years).

(ii) Sensitivity analysis
Increasing the discount rate applied by 0.25% would result in a £1,898,000 decrease in the net pension liability.
Decreasing the discount rate applied by 0.25% would result in a £1,898,000 increase in the net pension liability.
Increasing the inflation rate applied by 0.25% would result in a £1,752,000 increase in the net pension liability.
Decreasing the inflation rate applied by 0.25% would result in a £1,752,000 decrease in the net pension liability.

Within Selene Holdings Limited Group pensions for 51 employees are funded through the defined contribution scheme. The defined contribution pension cost for the year amounted to £181,000. 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 £293,000. Selene Holdings Limited Group actively encourages staff to join the scheme as it believes that it is an important element of the remuneration package. Pensions for 728 employees are funded through the defined contribution scheme.

21 Related party disclosures

(a) Transactions with related parties

One director of Selene Holdings Limited is a director of Hume Street Management Consultants Limited and Cottage Linen Limited.

Fees (excluding VAT) payable to Hume Street Management Consultants Limited, which acted as consultants to subsidiaries of the Group during the year, amounted to £5,000,000 and were born by Coroin Limited, a sister company until 12 December 2017. At 31 December 2017 an amount of £100,000 remains due from Hume Street Management Consultants Limited in relation to services rendered to them during the year.

At 31 December 2017, an amount of £80,000 remains due from Cottage Linen Limited in relation to the acquisition of the company by common director.

At 31 December 2017, an amount of £840,000 remains due from Lomakx Limited in relation to the expenditure paid by the Group on behalf of Lomakx Limited; a company appointed to project manage the development of Forbes House, for and on behalf of His Excellency, the ultimate owner of the Group. The outstanding balance of £840,000 was settled post year end.

(b) Key management personnel transactions

Total compensation of key management personnel (including executive directors) in the period amounted to £67,000.

21 Related party disclosures *(continued)*

(c) Transactions with related parties *(continued)*

Related party Asset/(liability)	Relationship	Opening balance 5/10/2017	Loans received	On acquisition 12/12/2017	Closing balance 31/12/2017
		£'000	£'000	£'000	**£'000**
Hume Street Management Consultants Limited	Common director	-	-	100	**100**
Lomakx Limited	Common director	-	-	840	**840**
Cottage Linen Limited	Common director	-	-	80	**80**
Coroin Limited	Common director	-	-	1,288	**1,288**
MHG Senior Borrower Limited	Common director			3,551	**3,551**
Claridge's Hotel Limited	Common director	-	-	4,001	**4,001**
Claridge's Hotel Holding Limited	Common director	-	-	329	**329**
Claridge's Hotel Limited	Common director	-	-	(82)	**(82)**
41-43 Brook Street LLP	Common director	-	-	(920)	**(920)**
Selene S.A.R.L. (note e)	Parent	-	(279,806)	-	**(279,806)**

(d) Director Interests

The directors who held office at the end of the financial year had no interests in the ordinary shares, redeemable preference shares, special redeemable preference shares and convertible loan stock in the company at the start of the year and at the end of the year to 31 December 2017.

(e) Other related party transactions

On 12 December 2017 Selene S.A.R.L., The Company's immediate parent company, advanced £279,806,000 to The Group to acquire Maybourne Hotels Limited, The Berkeley Hotel Limited and The Connaught Hotel Limited from then a sister company MHG Senior Borrower Limited. The balance of that loan at 31 December 2017 was £279,806,000.

23 Subsequent events

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

Notes *(continued)*

22 Ultimate parent company

The company's ultimate parent company and controlling party is Prime Capital S.A., a company incorporated in Luxembourg. This is the largest group in which the results of the company are consolidated. The smallest group financial statements in which the company's results are consolidated is that of Constellation Hotel Holdings Ltd S.C.A.

The ultimate controlling party is His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani.

24 Company notes

(a) Significant accounting policies

The individual financial statements of the company have been prepared in accordance with Companies Act 2006 and Financial Reporting Standard 101 "Reduced disclosure framework" ("FRS 101").

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

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

As permitted by section 408(3) of the Companies Act 2006, the Company has elected not to present its own income statement for the year.

Significant accounting policies specifically applicable to the individual company financial statements and which are not reflected in the accounting policies for the Group financial statements are detailed below.

i) ***Investment in subsidiaries***
Investments in subsidiaries are carried at cost less impairment.

(b) Profit and loss account

Profit for the period ended 31 December 2017 was £nil.

(c) Investments in subsidiaries

	31 December 2017 £'000
At beginning of period	-
Capital contribution (note 17)	**116,796**
At end of period	**116,796**

At 31 December 2017 the carrying amount of the investment in subsidiary undertakings was reviewed for impairment in accordance with our accounting policies. No impairment loss was recognised. A list of the entity's subsidiary undertakings is set out below.

Notes *(continued)*

24 Company notes *(continued)*

(c) Investments in subsidiaries *(continued)*

The Company has a shareholding in the following principal companies:

Subsidiary undertaking	Country of Incorporation and operation	Activity	Shareholding (ordinary shares)
Selene Midco Limited	Great Britain	Holding Company	100% (direct)
The Berkeley Hotel Limited	Great Britain	Hotel Operations	100% (indirect)
The Connaught Hotel Limited	Great Britain	Hotel Operations	100% (indirect)
Maybourne Hotels Limited	Great Britain	Hotel Management Services	100% (indirect)
Connaught F&B Limited	Great Britain	Food and Beverage Operations	100% (indirect)
Goldrange Properties Limited	Great Britain	Ownership of Property	100% (indirect)
Centralglen Limited	Great Britain	Dormant company	100% (indirect)
The Opheans Limited	Great Britain	Dormant company	100% (indirect)
Headfort Hotel (Belgravia) Limited	Great Britain	Dormant company	100% (indirect)
Motcomb Trust Limited	Great Britain	Dormant company	100% (indirect)
The Worcester Building Company Limited	Great Britain	Dormant company	100% (indirect)
James Edward Limited	Great Britain	Dormant company	100% (indirect)
The Strand Power Company Limited	Great Britain	Dormant company	100% (indirect)
Beaufort Construction Limited	Great Britain	Dormant company	100% (indirect)
Stones Chop House Limited	Great Britain	Dormant company	100% (indirect)
The Claridge's Hotel Laundry Limited	Great Britain	Dormant company	100% (indirect)
Patrick Spitfire Limited	Great Britain	Dormant company	100% (indirect)
BP&S (1906) Limited	Great Britain	Dormant company	100% (indirect)
Q&M Limited	Great Britain	Dormant company	100% (indirect)
Project Castle Limited	Great Britain	Dormant company	100% (indirect)
Only G Limited	Great Britain	Dormant company	100% (indirect)
Speed 6060 Limited	Great Britain	Dormant company	100% (indirect)
The Connaught Hotel (52242) Limited	Great Britain	Dormant company	100% (indirect)
Mount Street Mansions Limited	Great Britain	Dormant company	100% (indirect)
The Minema Limited	Great Britain	Dormant company	100% (indirect)
The Berkeley Hotel (49907) Co. Limited	Great Britain	Dormant company	100% (indirect)

The registered office of all subsidiary undertakings is 41 – 43 Brook Street, Mayfair, London, W1K 4HJ.

(d) Related party transactions

The Company has a related party relationship with its fellow group undertakings, shareholders and directors of the company (note 21 above). In accordance with FRS 101, the Company has availed of the exemption from disclosing transactions with members of the Group where ownership is 100%.

There are no other related party transactions.